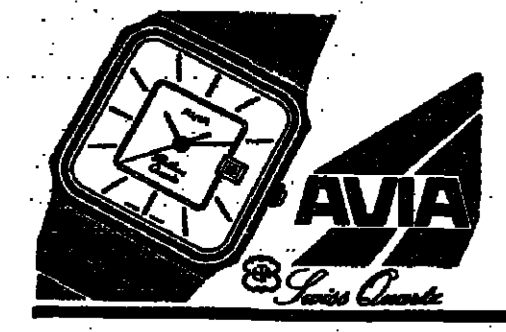

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Iran predicts war of many years with US in the Gulf

IRAN YESTERDAY predicted it would soon be at war with the US in the Gulf, and blamed Washington for firing the first shot in a conflict which it said could last several years, writes **Andrew Gowers in Dubai.**

Mr Ali Akbar Hashemi Rafsanjani, speaker of the Iranian Parliament and one of the country's most powerful figures, said at Friday prayers in Tehran that the US had started a war by attacking the Iran Ajr, an Iranian vessel which Washington says it caught laying mines in the Gulf last week. He called on Iranians to volunteer for combat in order to retaliate.

"With great likelihood we will get involved in a new front in the southern part of the country in a not-too-distant future," he said. "If three or four years from now the (United Nations) Security Council wants to end the Iran-US war, the US should not claim it did not start it."

Mr Rafsanjani's speech was Iran's most bellicose statement to date against the large US naval force that has assembled in or near the Gulf. It came amid a continuing intensification of attacks on Gulf shipping by Iran and Iraq and mounting fears that American or other western warships in the crowded waterway might become involved.

The Iranians yesterday attacked an Indian tanker within radio range of a British warship, their fifth such strike in three days, while the Iraqis hit a Cypriot-flag vessel off the Iranian coast in the thirteenth air strike they have claimed against ships trading with Iran in just over a week.

The Indian ship, the 17,470-tonne Spic Emerald, was set ablaze after coming under sustained fire from an Iranian gunboat, probably one of a number operating from Sirri island in the southern Gulf, according to shipping agents monitoring the captain's distress signals. Later the Royal Navy frigate HMS Andromeda, sailing nearby, sent a boat to offer help to the stricken vessel, but "no life-saving assistance was required", the Ministry of Defence said in London.

The Iraqi air raid involved the 102,000-tonne, Cypriot-flag tanker Felicity and occurred 100 miles south of Iran's Kharg Island oil loading terminal. The ship's captain was quoted as saying the attack had caused a fire in the engine room but that this was quickly extinguished.

The official Iraqi news agency later said Iraqi jets had hit a second ship in the Gulf, but there was no immediate independent confirmation of this.

Nine Iraqi air strikes - ostensibly aimed at impeding Iran's oil exports but also probably intended to provoke the Iranians - have been independently confirmed since September 21.

Iran's response has so far been carefully aimed at what it regards as "soft targets" - that is, merchant ships not accompanied by any of the substantial number of western or Soviet warships in the Gulf.

However, with the Gulf now unprecedentedly dangerous for neutral shipping, merchant vessels are increasingly attaching themselves to military convoys regardless of their flag. Every additional attack brings closer the risk that a foreign warship may unwittingly become sucked in.

Another potential flashpoint is provided by American threats to strike any Iranian ship found laying mines in the Gulf. Following repeated warn-

Continued on Back Page
Boom in Iranian trade with Gulf states, Page 2

Labour to rethink its strategy on taxation

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

A COMPLETE rethink on tax matters is to be a priority in the Labour Party's forthcoming policy review.

The party leadership yesterday conceded that it had in effect torn up the personal taxation strategy on which it fought the general election.

The taxation package for the election campaign was widely considered to be a confusing and badly-thought-out vote-loser. There was particular concern that it would push up the tax burden for many middle-income families.

This week the Brighton conference endorsed a call for an overhaul of economic and taxation policies, and Mr John Smith, the new shadow chancellor, is anxious to begin his review without delay.

Mr Neil Kinnock, the Labour leader, said during a television interview which was not broadcast that the taxation review would aim to secure sufficient resources for the party's policy objectives, while ensuring that taxes were levied fairly "so that no outrageous burden falls on backs that cannot take it."

Any new taxation package had to be efficient in terms of raising revenue and fair in its effect on individuals. He added: "We start with a relatively blank sheet."

The first steps towards reshaping Labour's electoral appeal, following overwhelming recognition at Brighton of the need for a complete policy review, will come next week when the shadow cabinet holds a two-day meeting at nearby Rottingdean.

Party leaders will spend some time reflecting on the conference, which they believe has succeeded in telling voters that Labour is ready to learn by its defeat and is prepared to adapt its policies to reflect recent economic and social changes.

In spite of deep concern expressed at Brighton about any possible trimming of the party's unilateralist defence stance, it is clear that the issue will be thrown into the melting pot, along with a range of other policy areas from social ownership to housing and share ownership.

The detailed mechanics and timetable for the policy review have yet to be decided, but a series of small committees covering individual policy areas will be set up.

The trade unions are expected to play an important role in the consultation process and the party also plans to canvass the voting public about the sort of policies it wants Labour to adopt.

In a follow-up to the Rottingdean meeting, which will also establish party strategy for the parliamentary session starting later this month, the party leadership has also arranged for a joint session of the shadow cabinet and its national executive committee to be held before Christmas.

The meeting, which is likely to be held in November, will consider the progress of the policy review and set the guidelines for its next phase. Mr

Continued on Back Page
Conference report, Page 5

TSB bids £777m for Hill Samuel

BY DAVID LASCELLES AND CLIVE WOLMAN

THE TSB GROUP yesterday launched a £777m takeover bid for Hill Samuel, ending several months of uncertainty about the merchant bank's future.

Hill Samuel immediately welcomed the offer, and Sir Robert Clark, the chairman, described it as "fair." He said his group "will remain under British ownership and will have access to the resources which may be required for the full development of its businesses."

If it succeeds, the merger of the TSB and Hill Samuel will create one of the most diversified groups in the UK financial services market, with interests extending from basic high street banking to corporate finance, and including services such as shipping, car rentals and insurance.

Although the TSB is bidding for the whole of Hill Samuel, it made clear yesterday that it was not interested in Wood Mackenzie, its stockbroking subsidiary, for which a buyer will be sought.

The TSB will also close down or divest Hill Samuel's market-making business in equity and debt securities which has been operating at a loss.

However, Sir John Read, the TSB chairman, stressed that contrary to widespread speculation, there was no intention to break Hill Samuel up.

The deal with TSB was clinched late on Thursday night after negotiations by Hill Samuel to sell its corporate finance business to Barclays Bank broke down. The failure of those talks opened the way for a complete bid by TSB, which had been under discussion for about a month.

The TSB is offering 810p per share in a deal which values Hill Samuel at nearly four times its book value of about £210m. Shareholders may also opt for the equivalent in loan notes carrying an interest rate of 1 per cent below the London Inter Bank Offered Rate (Libor).

Hill Samuel's shares closed last night at 794p, up 89p.

TSB said it had bought 30 per cent of Hill Samuel's shares, including the 13 per cent stake owned by Mr Kerry Packer, the Australian businessman. Mr Larry Adler, another Australian with a similar holding, had indicated his interest in the terms, though the TSB is not yet technically in a position to buy his shares.

The deal has the approval of the Bank of England. Hill Samuel and its subsidiaries will continue to do business under their present names. Sir Robert Clark, Mr David Davies, the chief executive, and Mr Dolf Mootham, the finance director, will join the TSB board. Mr Davies will also join the TSB's policy committee.

The bid by the TSB marks a further stage in its efforts to establish itself as a leading force in UK finance following its flotation last year, when it raised £1.5bn. In June it bought Target, a life company, and in July it made an unsuccessful attempt to buy Hogg Robinson, the insurance broking and travel agency group. The Hill Samuel acquisition will still leave it with some £250m to spend.

For Hill Samuel, the deal marks its fourth attempt in 15 years to find a partner to aid its growth. Its latest negotiations with the Union Bank of Switzerland ended abruptly in August.

Barclays announced yesterday that Mr Leslie Goodman, who recently resigned after serving as a director of Hill Samuel for six years, has been appointed as a corporate finance director of Barclays de Zoete Wedd, Barclays' investment banking arm. BZW is expected to recruit other members or former members of Hill Samuel's corporate finance department within the next few weeks.

Birth of a financial supermarket, Page 8; Lex, Back Page

Blyth quits Plessey and renews takeover fears

BY TERRY DODSWORTH AND DAVID THOMAS

SIR JAMES BLYTH, managing director of Plessey, the UK electronics group, resigned yesterday after less than two years in the job.

His departure came a day after the announcement of a merger of Plessey's telecommunications interests in a 50-50 joint venture with those of the General Electric Company.

It immediately sparked renewed anxieties about the stability of Plessey's management after a period in which the company had hired several young, new executives.

Taken with the news of the GEC deal, it also led to speculation in the City that Plessey was more vulnerable to a takeover.

Some analysts suggested that a bidder might be interested in Plessey's defence activities, which now form the overwhelming bulk of the businesses left under Plessey's direct control.

The departure of Sir James, 47, a former head of sales at the Ministry of Defence, followed several weeks of speculation about a rift between him and Sir John Clark, the group's long-serving chairman and chief executive. However, Sir James, normally one of Britain's more articulate senior executives, was not available for comment yesterday, and Plessey officials refused to elaborate on the reasons for his decision.

The apparent strength of the revamped Plessey management team was one of the reasons why the company was able to run a successful campaign with investors against the hostile takeover bid from GEC last year. At that time, the City took favourably to the idea that the way was being prepared for the succession to Sir John.

Sir James, who follows a number of senior executives who have departed hastily from Plessey, was regarded as a key figure in the defence. In recent months he has also been a strong advocate of an expansionist policy involving takeovers to lessen the group's dependence on the UK.

Sir John, 61, who has had overall management control of Plessey for the last 25 years, recently consolidated his position as chief executive when the board extended his period in office to 1990. He will take over Sir James' role for the immediate future, Plessey said yesterday, with divisional managing directors reporting directly to him.

Plessey shares rose by 6½p to 227½p yesterday, while GEC's were up by 4½p to 234p, as the stock market took a generally favourable view of the decision to merge their telecommunications activities. Analysts said that, despite uncertainty over the management of the joint venture, there was broad agreement that it was preferable to combine the two companies

Continued on Back Page
Marriage of unequals, Page 6; Lex, Back Page

Managers and Ford buy Hertz

BY ANATOLE KALETSKY IN NEW YORK

HERTZ, THE world's biggest car rental business, is being bought by Ford Motor Company in partnership with Hertz's senior management. The deal will be worth \$2.3bn (£1.42bn) to Allegis Corporation, the United Airlines travel conglomerate which is Hertz's present owner.

Allegis will receive \$1.3bn in cash for Hertz. This will be distributed directly to Allegis shareholders. In addition, Hertz's new owners will take over about \$1bn of debt, significantly reducing Allegis's heavy debt load.

Another consequence of the sale for Allegis will be the loss of its present chairman and chief executive, Mr Frank Olson, who will be a member of the management group taking over the car rental company. He will continue in his post at Allegis only until a successor can be appointed. He originally joined Allegis from Hertz.

The Hertz deal is the second time this week a Detroit carmaker has taken a large financial stake in a car rental company. On Monday, Avis, the second largest US car rental company, announced it was being bought by its employees in a \$1.75bn leveraged buyout, financed partly by General Motors Acceptance Corporation.

The sale of Hertz marks the second stage in the self-imposed breakup of the Chicago-based Allegis, which has been built up over the last five years around United Airlines, the second biggest airline in the US.

Hertz has for many years been a major customer and advertising partner of Ford's. Neither Ford or Allegis would say precisely how the shareholdings in Hertz will be divided between the carmaker and the Hertz management. But Ford said it was putting up at least \$1.2bn of the \$1.3bn cash element of the deal. Ford added it intended to reduce its initial majority stake to a minority position. While Avis and National (the third largest US car rental company) have mainly used vehicles from General Motors, Hertz has sourced most of its fleet from Ford.

Last month Allegis, which is changing its name back to United Airlines, disposed of Hilton International Hotels to Britain's Ladbroke for \$1.07bn.

The company said a number of potential investors had expressed interest in buying into the car rental company.

CONTENTS

WORLD NEWS

Six die in anti-China Tibetan riot

Six people were killed and 19 policemen seriously injured in a riot in the Tibetan capital of Lhasa on Thursday, the New China News Agency said.

The disturbance was part of an attempt to "split the motherland," the Peking agency said. The protest, on China's national day, was the second in a week, and reflected a growing movement against Chinese rule.

Protesters destroyed several cars, set a police station on fire and took police guns to shoot at police, the agency said. **Page 2**

US snubs Gorbachev

The US said it had little interest in proposals by Soviet leader Mikhail Gorbachev for curbing military activity in northern European seas, saying Moscow wanted to restrict Western freedom of navigation in strategic areas.

Invitation to Fijian

The Fijian Governor-General is expected to be invited to report in person on the situation in his country to the Commonwealth Heads of Government meeting in Vancouver this month. **Show of defiance, Page 2**

Irish official freed

A Dublin court freed Irish embassy official Kevin McDonald, wanted by Scotland Yard in connection with the sale of Irish passports, saying he was covered by diplomatic immunity.

Seascale cancer risk

Children born at Seascale, near Sellafield nuclear complex, die of leukemia at a rate nearly 10 times the national average, a study in the British Medical Journal reported.

Life sentences for rapist

Rapist Alan Wilmot was given four life sentences at the Old Bailey for raping four women.

£2.4m theft charges

Jeweller Robert Chatwin, who returned to Britain after five years in Spain, was charged in Sutton Coldfield, West Midlands, with the theft of stock and cash worth over £2.4m.

Anti-Gandhi movement

Dissidents from India's ruling Congress I Party launched a movement aimed at removing Premier Rajiv Gandhi from power. **Page 3**

Struggle over Bork

President Reagan faces a struggle to secure Senate confirmation of his nominee, conservative Robert Bork, to the US Supreme Court. **Page 2**

Sri Lanka violence flares

A resurgence of political violence in Sri Lanka has left 10 Sinhalese villagers killed by Tamil rebels and an Indian soldier shot dead by Sinhalese. **Page 2**

Tidal wave drowns 21

A tidal wave at Gadani, 30 miles from Karachi, drowned at least 21 Pakistani students on a beach picnic.

Nom de share

A man admitted making 55 fraudulent applications for British Airways shares, including one in the name of Angela Rippon, at the Old Bailey. **Page 4**

Briefly...

Albania and West Germany established diplomatic relations.

International Herald Tribune, Paris-based newspaper, is 100 this weekend.

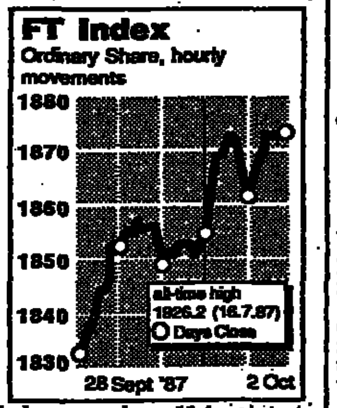
Italian railway engineers began a 24-hour strike.

BUSINESS SUMMARY

Curbs eased on building societies

BRITAIN'S building societies will be able to widen further the range of financial services they can offer under a government programme to lift restrictions on their activities. The two-phase programme includes being able to sell unit trusts, offer own-name credit cards, give investment advice and perhaps manage funds and own stockbrokers. **Back Page**

EQUITIES rose in London as takeover interest overshadowed some nervousness that interest rates may rise. The FT Ordinary



Index moved up 11.4 points to close at 1,872.3, a gain of 40.7 on the week. The FT-SE 100 Index rose 8.4 to 2,382.2, up 39.6 on the week. **Stock market, Page 12**

TOKYO'S Nikkei Average rose 140.71 to 25,862.45 on news that Emperor Hirohito, 86, was running a temperature. Paper and printing shares led the way as a change of emperor would require new calendars, diaries and invoices. **Stock markets, Page 11**

US bank failures have reached a record 141 this year, compared with 138 last year, said the regulatory agency Federal Deposit Insurance Corporation. **Back Page**

STATOIL, Norway's state oil company, is to face an independent inquiry into its affairs after admitting that a building project had exceeded its budget by 60 per cent. **Back Page**

KLEINWORT BENSON, UK merchant bank, is pulling out of dollar swap market-making in London after just eight months because of its unprofitability. **Page 10**

FRENCH Government priced shares in Compagnie Financiere de Suez's privatisation at FFr317 each, valuing the investment banking group at FFr20bn (£2bn). **Page 10**

BRITISH COAL signalled that it may have to make compulsory redundancies for the first time since the industry's nationalisation. **Back Page**

BRITISH GAS is restructuring the terms of its £600m offer for a controlling stake in Bow Valley Industries, following opposition from shareholders in the Canadian independent oil company. **Page 8**

GUINNESS, international drinks group, has decided not to set up headquarters in Scotland as promised at the time of the Distillers takeover. **Page 4**

CLYDESDALE BANK dismissed a senior executive and censured another in connection with insider dealing in what is thought to be the first case of its kind in Scotland.

ST IVES Group, UK magazine and book printer, bought security printer Burrups from United Newspapers for £45.1m. **Page 8**

WEST GERMAN steelmakers are to cut 34,900 of their estimated 190,000 jobs by the end of 1989 in a deal agreed between the West German Government and the steel unions. **Back Page**

MARKETS

DOLLAR

New York lunchtime:
DM 1.845
FFr 6.1425
SFr 1.5385
Y146.6

London:
DM 1.842 (1.8475)
FFr 6.1275 (6.1475)
SFr 1.5345 (1.5385)
Y146.35 (146.9)

Dollar index 102.2 (102.4)
Tokyo close Y146.3

US LUNCHTIME RATES

Fed Funds 7⅝%
3-month Treasury Bills:
yield: 6.88%
Long Bond: 91⅛
yield: 9.73%

GOLD

New York: Comex Dec latest
\$460.0
London: \$453.75 (455.0)

STERLING

New York lunchtime \$1.6185
London: \$1.6125 (1.617)
DM 2.9675 (same)
FFr 9.935 (9.94)
SFr 2.4875 (2.49)
Y237.25 (237.5)
Sterling index 72.9 (72.8)

LONDON MONEY

3-month interbank:
closing rate 10¼% (same)

NORTH SEA OIL

Brent 15-day Oct (Argus)
\$18.75 (18.615)

STOCK INDICES

FT Ord 1,872.3 (+11.4)
FT-A All Share 1,221.32 (+0.5%)
FT-SE 100 2,382.2 (+8.4)
FT-A long gilt yield index:
High coupon: 9.96 (same)
New York lunchtime:
DJ Ind Av 2,638.87 (-0.33)
Tokyo:
Nikkei 25,862.45 (+140.71)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda \$1.50; Belgium BFr48; Canada C\$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK\$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon \$L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes900; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr8.00; Philippines Pes20; Portugal Esc100; S.Arabia Rls6.0; Singapore S\$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT\$65; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA \$1.00.
SELLING PRICE IN IRELAND 60p

WEEKEND FT

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The search for the Loch Ness monster
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FINANCE
The BP share offer
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Haunts for the Beautiful People
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HOW TO SPEND IT
Scandinavian furniture
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MUSEUMS
Time to clear the basement
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House prices level off
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OVERSEAS NEWS

Fiji's Governor General stages show of defiance

BY CHRIS SHERWELL IN SUVA

FIJI'S Governor General held a meeting of his Council of Advisers yesterday in a calculated show of defiance against Col Sitiveni Rabuka, the country's self-proclaimed military ruler.

The move came as Col Rabuka's plans to declare the Pacific islands a republic drew further opposition from prominent Fijians and the Indian community. Diplomats said Col Rabuka was having trouble recruiting responsible Fijians to join his Council of Ministers.

In a fresh display of jitters, the new military ordered banks in Suva to halt trading after receiving reports of illegal foreign exchange transactions. The action was reversed after intervention from the Reserve Bank Governor, but it triggered a wave of speculation that the currency was to be devalued for the second time in three months.

Col Rabuka was understood yesterday to have received from the bank governor, Mr Sevenaca Siwatibau, a blunt account of grave dangers now facing the economy. The government cash-flow deficit has reached record levels and it is not clear how it will fund itself. The drain represented by the country's expanding army was underscored yesterday at a colourful passing-out parade of 670 soldiers recruited for a fresh battalion. Col Rabuka presided regally over the ceremony which featured marching displays and a prize-giving ritual.

Sir Geoffrey Howe, the UK Foreign Secretary, meanwhile was severely criticised by the ultra-nationalist movement, which is pressing Col Rabuka hard to declare a republic and entrench ethnic Fijian political dominance over the country's Indian community.

The movement said it resented recent British statements on Fiji. It said foreigners were "continuing to shove down our throats their own values," and complicating the search for a solution acceptable to the Taukei. It warned all foreign embassies that they would eventually have to make up their minds "whether they will co-operate with the new republic or leave."

Another attack on foreigners came when the government condemned Thursday's decision of Newspapers of Fiji, controlled by Hong Kong businesswoman Mrs Sally Aw, to shut the Fiji Sun daily newspaper and lay off its workers. The deputy publisher of the company was deported yesterday.

Yesterday's gathering of the Governor General's Council of Advisers has elevated the importance of Monday's meeting between the Governor General, Col Rabuka, and the country's two principal political leaders, Dr Timoci Bavadra and Ratu Sri Kamisese Mara. Analysts expect it to be a watershed, pitching Col Rabuka against the country's three most popular figures.

Meanwhile, Ratu David Toganivalu, a former deputy prime minister and "moderate" in the crisis, was optimistic that Fiji's traditional chiefs would not go along with Col Rabuka's plans to declare a republic.

Foreigners may be allowed stakes in Swedish banks

BY KEVIN DONE IN STOCKHOLM

SWEDEN'S Government-appointed Credit Market Committee is to recommend that foreign investors should be permitted to own shares in Swedish banks.

Mr Nils Horjel, the committee chairman, said yesterday that the proposal was that foreigners should be able to hold up to 20 per cent of the equity and 10 per cent of the votes of a Swedish bank.

Foreign investors have been completely excluded from owning shares in the Swedish banks while foreign ownership in Swedish corporations generally is limited to 40 per cent of the equity and 20 per cent of the votes.

The committee report is to be published around the end of the year, and it is likely to be 1989 at the earliest before a new credit market law could be passed by the Riksdag, the Swedish Parliament.

A speedier process could be adopted, however, for selected measures, such as foreign ownership. The committee was set up in 1983, but in an earlier interim report it took action to open Sweden to foreign banking operations, allowing foreign banks to establish subsidiaries in Sweden since 1986.

Most immediately the proposals will allow Skandinaviska Enskilda Banken, Sweden's leading bank, to cement its Scandinavian Banking Partners co-operation with Bergen Bank of Norway, Union Bank of Finland, and Privatbanken of Denmark, which are all planning to take small equity stakes in the Swedish bank.

Other more controversial proposals by the committee would restrict individual owners or "linked" groups of owners to a maximum stake of 10 per cent in an individual bank with a maximum voting right of 5 per cent of those represented at a shareholders meeting.

The proposal would hit hard against several of the present ownership constellations in Swedish banking, including the 40 per cent stake held by Proventus, the investment company, in the Gota Group which includes Goetabanken.

Andreotti to propose EC code on weapons exports

BY JOHN WYLES IN ROME

MR GIULIO ANDREOTTI, the Italian foreign minister, is expected to call for a European Community code of conduct on arms exports at an informal meeting of foreign ministers in Denmark this weekend.

The prospective Italian initiative was revealed to parliament here yesterday by Mr Renato Ruggiero, the minister for foreign trade.

He said it would complement the government's plan to introduce legislation regulating Italian arms exports. This follows embarrassing scandals suggesting that Italy has been an important source of illicit shipments to Iran and Iraq.

Mr Ruggiero said the proposed code of conduct should set out principles by which the 12 will regulate arms exports and provide for co-operation between police forces and secret services to combat illegal shipments.

The Italian legislation is expected to involve ministers much more closely than before in setting the criteria for granting export licences. Mr Andreotti's proposal shows the government is concerned that the 12 should agree on which countries may buy arms from the European Community.

Mr Ruggiero produced figures showing a marked decline in Italian exports from £3,270bn in 1983 to L1,231bn last year and L794bn in the first six months of 1987.

He also revealed that Valsella Meccanotecnica, the Brescia company under suspicion of illicit trading, had been granted 36 export licences for shipments worth L110bn since 1980.

Israel fearful of losing US radio station

By Andrew Whitley in Jerusalem

THE FAILURE of the US Congress to approve a budget appropriation for the construction of a massive Voice of America radio transmitter in Israel has evoked considerable disappointment from local industry.

Part of a new global network of giant relays, the Israel-based station is to broadcast programmes to the Soviet Union by the VOA and two semi-clandestine broadcasting organisations, Radio Free Europe and Radio Liberty.

Backed by the Government, Israeli construction and engineering companies fought hard to secure a promise from the Reagan Administration of at least 50 per cent of work on the planned $300m relay station and transmitter, which will be one of the most powerful in the world.

The explanation being given by officials here for Congress dropping the Israel relay from this fiscal year's approved expenditure list is simply budgetary cutbacks. But fears lurk beneath the surface that the postponement may turn into a permanent cancellation.

Groundwork on the relay, to be built in the southern Arava valley, was to have started later this year, with completion scheduled for 1990.

Hardest hit by the delay wil be Solel Boneh, a big Israeli contractor in the midst of a painful slimming exercise resulting from its heavy debt burden. The trades union federation-owned contractor had been hopeful of profits of between $40m and $50m from its expected lion's share of the construction work.

Following the cancellation at the end of August of the Lavi combat aircraft, and the earlier dropping of a number of ambitious infrastructure projects, the VOA relay was left as the largest remaining national project.

Dubai reports booming trade with Iran

By Andrew Gowers in Dubai

TRADE BETWEEN the Arab and Persian sides of the Gulf continued to boom during the first half of this year despite tensions arising from the Iran-Iraq war, according to figures published in Dubai yesterday.

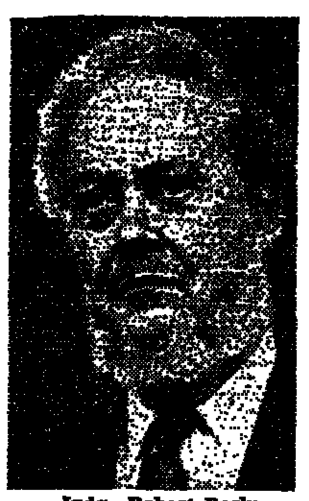
The government statistics office reported that re-exports from Dubai to Iran during the first six months of the year—worth more than dirham 800m (£133m)—exceeded the total for the whole of 1986, causing a 66 per cent rise in the emirate's lucrative re-export trade as a whole to Dh 2.75bn.

While much of the rise can probably be explained by the sharp recovery in oil prices and the consequent improvement in Iran's economic fortunes since the early part of last year, the figures illustrate the extent to which Dubai has emerged as a vital entrepot for Iranian imports including live animals such as sheep bought in large numbers from New Zealand, machinery and transport equipment.

They also underline one of the main reasons why Dubai and the southern Gulf emirates in general continue to display the utmost caution in their response to international pressure on their powerful northern neighbour.

Bork nomination in uphill struggle

BY STEWART FLEMING, US EDITOR, IN WASHINGTON



Judge Robert Bork: Senators shying away

PRESIDENT Ronald Reagan is now seen to be facing an uphill battle in his efforts to secure confirmation by the Senate of his nominee to the vacancy on the Supreme Court, the conservative Judge Robert Bork.

Strange to tell, the crucial opposition to confirmation is coming from southern states. There is growing concern among some southern Senators that a vote to confirm Judge Bork, whose civil rights record has been attacked, would alienate many black voters whose support at the polls is needed, particularly by southern Democrats.

Three more Democratic senators, including Lloyd Bentsen of Texas and Jeff Bingaman of New Mexico, announced yesterday that they would oppose the Bork nomination, along with Senator John Kerry of Massachusetts.

As Washington was swept by rumours that the White House was about to withdraw the nomination, Mr Reagan vowed on Thursday to fight for his nominee.

Senator Howell Heflin of Alabama, a respected Democrat whose vote is seen as crucial by both supporters and opponents of the judge, testified to Mr Reagan's commitment after he had been called to a talk with the president. "He was quite vigorous in his arm-twisting," Mr Heflin said. The White House has denied rumours it is considering the appointment of a friend of Mr Heflin to a federal judgship, in an effort to win his vote. The White House has denied this.

In the past few days, evidence has increased that support for Judge Bork in the Senate is wavering, in part because of the unanticipated strength of the lobbying against him and in part because of what is reckoned to have been his unpersuasive public testimony before the Senate Judiciary Committee last month.

Thursday was the worst day for the White House and its nominee so far. Four Senators, two of whom had been seen as undecided disclosed their opposition to confirmation. The worst shock for the White House will have been the decision of Senator Arlen Specter of Pennsylvania, the only uncommitted Republican on the committee, who announced he could not support nomination.

Also, three southern Democrats, one being Senator J. Bennett Johnston of Louisiana, a conservative, disclosed that they had decided to oppose nomination.

Senators David Pryor of Arkansas and Terry Sanford of North Carolina said they too would vote against the judge. Other southern senators are also reported to be leaning towards opposition.

Most observers continue to suggest that Mr Reagan can still avoid what would be a dramatic reversal but that, to do so, he must halt the public erosion of support for his nominee. This is becoming more and more difficult.

The Judiciary Committee is scheduled to vote next week, probably on Tuesday, on the nomination, which would then go to the floor of the Senate for a final decision.

US unemployment at lowest since 1979

BY OUR US EDITOR

UNEMPLOYMENT IN the US fell to 5.9 per cent in September to its lowest level since November 1979, the Labour Department reported yesterday.

The decline from the 6 per cent level in August will keep alive concerns that the economy, which entered its 59th consecutive month of uninterrupted economic growth this month, could begin to run into capacity constraints which will spark inflationary wage increases.

The decline in the unemployment rate in September was, however, accompanied by relatively sluggish growth in the number of wrokers with jobs. One measure of those in work showed that non farm employment increased last month by 132,000.

New jobs in manufacturing industry accounted for 55,000 of the increase, with the largest gains in steel and manufacturing industries.

The increase in maufacturing employment continues a trend which has seen the number of factory jobs increase by 165,000 since June. The rise is traced by economists to efforts by the Reagan Administration to reduce the US trade deficit by encouraging the decline in the dollar from late 1986 until early 1987.

This has made US manufactured goods more competitive at home and abroad, triggering an expansion of production and employment.

Conversely there are signs that the growth in service industry employment, which has been the driving force behind the phenomenal growth in employment since 1982 slowed sharply last month. The finance, insurance and real estate sectors failed to post any increases in employment and the only real strength came from the retail sector

The total number of unemployed was estimated by the Labour Department to be 7.1m. The number of working Americans was put at 112.7m, a decline of 309,000 from the previous month which is attributed to people's returning to school.

The adult unemployedment rates for males is now estimated at 5 per cent nationally, down from 5.2 per cent in August and for women at 5.3 per cent compared with 5.4 per cent in August.

US offer ends Canada trade talks impasse

CANADA'S chief trade negotiator, Mr Simon Reisman, and leading cabinet ministers yesterday returned to Washington to resume talks on a free trade agreement after a new offer by the US, writes David Owen in Toronto.

The offer is thought to relate to Canada's demands for an impartial and definitive dispute-settling mechanism. The US appears to have agreed to insert a bi-national panel into the trade disputes process. It remains unclear, however, whether the two sides have progressed further on the related issue of subsidy definitions.

Sources in Washington indicated that, initially, yesterday's discussions had been resumed on a political level. Trade specialists on both sides, they added, were waiting in the wings to go back to the bargaining table should developments prove sufficiently positive.

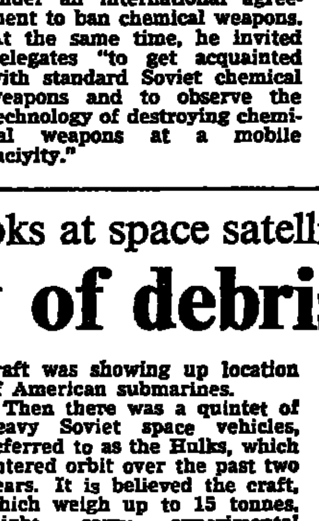
Mr Reisman suspended formal negotiations last Wednesday. Since then discussions have been held between senior politicians on both sides in an effort to breach the impasse.

Before the US initiative, hopes of clinching the deal before the midnight October 4 Congressional deadline had been fading fast.

The discussions in Washington between senior Canadian and US politicians had broken off inconclusively and Canadian Prime Minister, Mr Brian Mulroney, was stressing that there had never been any guarantees that a deal would be reached.

Secret Soviet arms site opened

BY WILLIAM DULLFORCE IN MOSCOW



Eduard Shevardnadze

THE SOVIET Union is opening one of its most secret military establishments to western eyes this weekend. A group of foreign diplomats, weapons experts and journalists will visit a chemical weapons complex at Shikhany, about 600 kms south-east of Moscow on the Volga River.

This unprecedented visit comes as international discussions on the future of chemical warfare are approaching a climax. Also, an international ban on chemical weapons is seen as a possible next step in disaramament, to follow the expected U?Soviet agreement to eliminate medium-range nuclear weapons.

After almost two decades, the 40-nation UN disarmament conference is closer than ever to a chemical weapons accord, just as the US, which stopped producing such weapons in 1969, is poised to start manufacturing so-called binary chemical arms on December 1.

Among those travelling to Shikhany this weekend will be US, British, West German and French experts. Their visit results from an invitation to delegates to the disarmament conference in Geneva by Mr Eduard Shevardnadze, the Soviet Foreign Minister.

He then announced Soviet readiness to accept a US and Nato demand for compulsory inspection, when challenged, under an international agreement to ban chemical weapons. At the same time, he invited delegates "to get acquainted with standard Soviet chemical weapons and to observe the technology of destroying chemical weapons at a mobile faciyity."

Until less than a year ago, the Soviet Union had never publicly admitted that it was armed for chemical warfare. Mr Mikhail Gorbachev, the Soviet leader, announced in Prague in April that the USSR had stopped producing chemical weapons and had started to build facilities for their destruction.

Western experts claim that the Soviet Union has the biggest chemical warfare capability of any country, reckoning its stocks of chemical agents at around 300,000 tonnes. The US is reported to have about 30,000 tonnes.

Within Nato, current Soviet readiness to move towards an international ban is seen as being strongly motivated by US plans to start correcting the imbalance by production of binary weapons. Binary bombs or shells contain two chemicals, each harmless in isolation, which become lethal when mixed.

According to the 1986 edition of the US publication *Soviet Military Power*, the Shikhany complex was established in the 1920s. It has since grown in size and sophistication, and has become a test site.

Cars burned as Tibetans stage protest

By Robert Thomson in Peking

CARS WERE burned and a police station set alight during a protest by at least 2,000 Tibetans in Lhasa, the Tibetan capital, as a movement against Chinese rule gathered momentum.

No official reports of the protest on Thursday have been released and communication links have been cut, but foreign tourists returning from Lhasa said they saw several badly injured Tibetans in the area around the Jokhang Temple, the focus of the protest, and heard reports that at least three protesters had been killed.

The protest, on China's national day, is the second this week and has driven a wedge between disgruntled Tibetans and the Chinese Government, which has long feared that a movement would surface to challenge its rule of the region.

On Sunday, Buddhist monks led a protest against the Chinese, who sent troops into Lhasa in October 1951 but claim that Tibet is an "inalienable" part of Chinese territory.

South Africa gold mine ends union recognition

By Anthony Robinson in Johannesburg

THE management of Anglo American Corporation's President Brand gold mine has cancelled all recognition agreements with the black miners union in a move which reflects the deep scars left by the three-week miners' strike.

The company said the decision followed an attack last weekend by 100 heavily-armed workers against team leaders who did not take part in the strike. One team leader was killed and three others injured.

The company said it had evidence that union officials were involved in the attack, a claim strenuously denied by Mr Marcel Golding, assistant general secretary of the National Union of Mineworkers.

Last week Mr Ken Maxwell, chairman of the gold and uranium division of Johannesburg Consolidated Investments claimed that 33 miners had been murdered in clashes between strikers and non-strikers since the strike ended.

The decision to cancel recognition and withdraw office and related facilities is unprecedented.

President Brand Mine, near Welkom in the Orange Free State, employs 20,000 workers of whom 76 per cent are union members. Until the strike Anglo American encouraged unionisation, providing facilities for union organisers and allowing easy access to worker hostels.

As a result Anglo mines were the hardest hit by the strike. The company responded by dismissing 36,000 men. Their reinstatement is still being discussed with the union.

Strikers claim Mercedes Benz pay victory

By Our Johannesburg Corespondent

THE NINE-WEEK long strike at Mercedes Benz's South African car and truck plants in East London has ended in a "major union victory," the black metalworkers union said yesterday.

Mr Seep Van Hullen, chief executive of the wholly-owned subsidiary of West Germany's Daimler Benz, said the company had agreed to pay an effective minimum rate of R4.50 per hour and re-employ without loss of benefits the 2,800 workers dismissed on September 9 for refusing to obey a back to work ultimatum. This is R1 per hour higher than the company offered before the strike but less than the R5 demanded by the union.

The company is estimated to have lost production of trucks and Mercedes and Honda cars worth around R300m during the strike, which cost the union members around R5m in lost wages.

Mr Viwe Gxarisa, local secretary of the National Union of Metalworkers (Numsa) claimed that a major element in the union's victory was the mobilisation of West German car workers at Volkswagen and Daimler Benz plants in support of the strikers. Mr Les Kettledas, a senior union official, flew to Germany during the strike as a guest of the West German IG Metall Union and told workers that wages in Mercedes' South African plant were only a quarter of West German rates and that the company still ran segregated toilets, canteens, and other facilities.

Morocco plan to join EC rebuffed

By William Dawkins in Brussels

MOROCCO'S plan to apply for membership of the European Community has received a polite rebuff from Denmark, the president of the Community's Council of Ministers.

Mr Uffe Elleman-Jansen, the Danish foreign minister, has told King Hassan the EC is willing to strengthen political and economic ties with the north African state.

The rebuff comes shortly before Mr Jacques Delors, the Commission President, starts a three-day official visit to Morocco next Wednesday. The aim of the trip, planned several months ago, is to discuss in general the future of EC-Moroccan relations, rather than the specific question of membership. The Treaty of Rome does not rule out entry by non-European countries.

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Peter Marsh looks at space satellites since 1957

Sputnik's legacy of debris and legal fees

THIRTY years ago tomorrow a Soviet rocket put into orbit a box of electrical equipment the size of a large football—and the world was never the same again.

The launch of Sputnik-1, as well as galvanising the US into its 1960s moon-landing programme, unleashed a host of applications for space satellites, particularly in telecommunications.

The biggest users of space have been the world's armed forces. Of the roughly 3,600 spacecraft launched, three quarters have had military applications, in areas including communications, navigation and surveillance.

As in no other activity, space exploration has been dominated by the two superpowers. The Soviet Union and the US have been responsible for all but about 100 of the world's space launches, with the Soviet Union outscoring its capitalist rival by a ratio of roughly 2:1.

Names of satellites have generally followed national characteristics. The Soviet Union has opted for sternly prosaic titles like Horizon, Lightning, Rainbow, Spark, and Screen.

Early on, US satellite engineers picked somewhat self-important names like Courier, Explorer, and Discoverer. More recently, in keeping with the frontier spirit of the Wild West, US satellites have often been associated with stars, as in G-Star, Galaxy, Starad, Cygnus, and Orion.

The UK's eight scientific satellites have had Shakespearian references. The craft have been labelled under the titles Prospero, Ariel, and Miranda, characters from The Tempest.

West Germany has been boring. One of its satellites was called Dial, the Di being due to the French Diamant launcher on which the vehicle went into space, with the Al coming from Allemagne, the French word for Germany.

The French themselves have been both enigmatic and regal—this explains space objects Tuning Fork and Royal Crown—while Japanese satellites are often named after flowers.

As befits such a highly populous country, Chinese satellites are usually known simply by numbers. India has reinforced a respect for the past by naming two of its space vehicles after ancient astronomers.

There have been many satellite mysteries. Seasat, a US ocean-surveillance satellite launched in 1978, lasted only a few weeks before it ceased operations for no apparent reason. The US military may have switched it off because the craft was showing up location of American submarines.

Then there was a quintet of heavy Soviet space vehicles, referred to as the Hulks, which entered orbit over the past two years. It is believed the craft, which weigh up to 15 tonnes, might carry experimental weapons systems.

Some satellites have suffered from overcrowding. Among them were the US's Initial Defence Satellite Communications System satellites, which were launched eight at a time in the early 1960s.

> Of the roughly 3,000 spacecraft launched, three-quarters have military applications

The most unfortunate satellite was Solwind, a US scientific craft which entered the heavens in 1979. Five years later it was shot down in a US weapons test, much to the chagrin of scientists who protested it was still working.

The corniest space vehicle was Score, which the US launched in December 1958 and which carried a taped Christmas message from President Eisenhower.

The smelliest satellite was Cosmos 122, launched by the Soviet Union in 1966 and which carried 60 quails' eggs in an experiment to register how weightlessness affects cell growth. The silliest satellite was a US craft called Lofti.

The growth of space launches has given plenty of work to two apparently unrelated sets of people—those in charge of cataloguing space objects, and international lawyers.

Backed by equipment such as radar scanners, the first set of individuals, who work mainly for military organisations in the US and Soviet Union, try to keep track of the increasing number of items which fill the heavens.

Of the 19,000 objects so far catalogued, roughly 7,000 are still in orbit, the rest having burnt up in the atmosphere. Only about 1,700 of these items are satellites with a known function. The rest is space debris, comprising items like bits of rocket casing or fragments of earlier space vehicles.

The numbers account only for those objects, of a size bigger than a cricket bat, which can be picked up by sensors. Hurtling around the earth are many thousands more articles, ranging from smaller fargments of old space vehicles to astronauts' gloves and spanners.

According to some commentators, space debris is likely to cause problems because of the dangers of collision with large and valuable objects such as manned space stations.

Lawyers, meanwhile, have done well out of space exploration as a result of the increasingly difficult arguments related to satellites. In the US, in particular, legal people have been to the fore of issues such as ownership rights to space, allegations of "pirating" of data sent from satellites and the extent to which terrestrial criminal legislation applies to the heavens.

Thirty years after Sputnik, one legal question related to space — where it starts — remains unresolved. Despite general agreement that space begins where air resistance bemcomes negligible some 100 km above the ground, lawyers are no nearer working out a binding definition.

Behind this are changes in technology, in high-flying aeroplanes for instance, which are altering the practical boundaries between journeys in and out of the atmosphere.

Another reason, seldom alluded to by lawyers, is that any agreement on where space starts would cut out many of the arguments related to space flight — and would deprive the profession of what is likely to be an increasingly large slice of its fee income.

OVERSEAS NEWS

UK NEWS

India's dissidents launch anti-Gandhi movement

BY JOHN ELLIOTT IN NEW DELHI

A NEW political movement aimed at ousting Mr Rajiv Gandhi, India's prime minister, was launched yesterday by dissidents from his ruling Congress I party led by Mr Vishwanath Pratap Singh, former finance and defence minister.

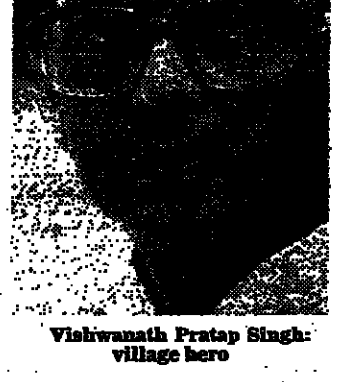
This brings together about a dozen former ministers and other dissidents who over the last few months have provided India with its first new and significant opposition grouping for a decade.

Led by Mr Singh, they have exploited weaknesses in Mr Gandhi's government, capitalising on a variety of corruption allegations including payments made to middle-men on a $4bn gun contract with Bofors of Sweden.

The new movement, called Jan Morcha, or People's Front, was dedicated by Mr Singh to "fundamental changes in our economy and our society" at a ceremony in his New Delhi garden which ended with village musicians singing ballads about their new "people's hero who exposes corruption".

Significantly, Mr Singh, who has become a hero in the villages of India through his anti-corruption campaign, chose to launch his morcha on the 118th anniversary of the birth of Mahatma Gandhi, the popular leader of India's independence struggle.

The aim of Mr Singh and his associates is to bring down Mr Gandhi and force an election, if possible before it is due at the end of 1989. They have decided not to form a full political party until nearer the election date. This is because a party could reduce their appeal when they want to attack Mr Gandhi's government by drawing support from right and left wing parties on individual issues such as corruption, local democracy and land reform.



Vishwanath Pratap Singh: village hero

But Mr Gandhi has successfully survived intense pressures and setbacks in the past few months, and is now enjoying a political respite while parliament is in recess. After the recess opposition politicians intend to try to reopen controversies over other foreign contracts involving middle men and alleged bribes.

Although there is still a widespread belief that Mr Gandhi or his associates are involved in bribes paid on the Swedish gun contract, Bofors' executives visited Delhi last month without any embarrassing revelations being made. The 155mm gun involved was demonstrated to opposition politicians last week and they were so impressed by the display put on by the Indian army that they have decided not to criticise its suitability while pursuing their corruption allegations.

Mr Singh and his main henchmen, who include Mr Arun Nehru, a cousin and former close confidante of Mr Gandhi, have also failed so far to bring down the Congress I government in the northern politically sensitive state of Uttar Pradesh. This has saved Mr Gandhi from a major crisis in his party.

Mr Nehru forecast yesterday that the morcha would have 1m members within a month. But the dissidents only mustered 11 Congress I MP rebels for their launch ceremony yesterday, a tiny figure compared with the 390 Congress MPs.

Fresh violence hits Sri Lanka

BY MERVYN DE SILVA IN COLOMBO

A RESURGENCE of political violence in Sri Lanka has left ten Sinhalese villagers killed by Tamil rebels in north-eastern Trincomalee, and an Indian soldier shot dead and another wounded by Sinhalese home guards.

The newspaper offices of the pro-soviet communist party and the headquarters of the socialist party, both in the heart of Colombo, have been attacked by Sinhalese youths armed with grenades and sticks of dynamite.

In Matara in the south, a former Communist MP has been shot at his home and his party office attacked. The Communist Party leader Mr Peter Keuneman has accused the banned extremist Sinhalese JVP party of 'trying to intimidate leftist parties who support the peace accord'.

Several hundred Sinhalese villagers in the port city of Trincomalee have taken shelter in temples, school buildings and police stations after attacks on Sinhalese settlers by Tamil 'Tigers', the main guerrilla group. Officials said that at least ten 'colonists' had died, and over 40 had been injured. More than 200 houses and shops have destroyed or badly damaged.

A joint Sri Lankan and Indian committee of senior officers is inquiring into the death of an Indian soldier, who was standing guard near Trincomalee's town hall. Indian sources said that the peace-keeping force had arrested five Sinhalese home guards. An 18-hour curfew has been declared in the district, which has an equal number of Sinhalese, Tamils and Muslims.

The JVP, which President Jayewardene has accused of killing over 30 prominent members of his party in the last two months, has launched a vitriolic campaign against the island's two oldest Marxist parties, calling their leaders 'traitors' for supporting the peace accord.

This is the first time that armed JVP bands have tried to murder a veteran leftist. Mr Tudawe, the ex-MP, is in a critical condition. 'The JVP's real target,' said Mr Keuneman, 'was the party press'. The Communist Party has the only left wing Sinhala daily in Sri Lanka.

Japanese foreign investment falls sharply

BY IAN RODGER IN TOKYO

THE net outflow of long-term capital from Japan collapsed in August, according to the monthly balance of payments report from the Ministry of Finance, causing fears among economists in Tokyo of higher US interest rates.

In addition, the country's current account surplus continued to decline in August, dropping to $5.3bn compared with $7.2bn in July and $7.1bn in August, 1986.

The net capital outflow was only $1.38bn, compared with $18.5bn in July and a monthly average of $13.6bn in the first seven months of the year.

Economists in Tokyo said the sharp fall was partly due to the reluctance of Japanese institutional investors to invest in US securities following poor trade figures published in July. Japanese investment in foreign securities tumbled from a monthly average of $10bn in the first seven months to $6.7bn in August.

There was also an unusual upsurge in inward portfolio investment during the month. Economists suspected this was stimulated partly by expectations that the yen, which had weakened during the early part of the summer, would soon strengthen again.

They said Japanese investors were still showing reluctance to invest in the US. 'This argues for higher yields in the US and for a stronger yen,' said Mr David Pike, an economist at stockbrokers UBS, Phillips & Drew in Tokyo.

Mr David Gerstenhaber of Morgan Stanley was surprised that the fall in capital outflows occurred without causing a rise in Japanese stock and bond prices. His conclusion was that the money had flowed into real capital spending in Japan.

The trade surplus in August was $6.2m, down substantially from the $8.5bn figure in the previous month, and 24 per cent lower than in August, 1986. Exports totalled $17.2bn, up 3.3 per cent from August, 1986, while imports rose 29.8 per cent to $10.9bn.

Largely as a result of the drop in capital outflows, the overall balance was $9.3bn in surplus, compared with an overall deficit of $10.8bn in July.

Baker submits proposals on state school 'extras'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A TWO-TIER legal framework to clarify what constitutes free education and what parents should be charged for was proposed yesterday by Mr Kenneth Baker, the Education Secretary.

Uncertainty about which are essential and which are extra educational activities has led to a wide variety of practices in local authority areas.

The position has been further confused by recent decisions in court and by the Ombudsman that activities such as individual music instruction and residential field trips, for which some authorities require parents to pay, should be provided free.

The first level of the framework would define what must be supplied free by education authorities or governors of schools opting to be funded directly from Whitehall as guaranteed by the 1944 Education Act.

The second level would consist of regulations specifying services for which parents might be required to pay, including field trips and individual musical tuition.

However, the consultative paper emphasises that no authority or Whitehall-funded school would be obliged to charge for such activities. Moreover, the regulations would have to be passed by both houses of parliament and there would be a requirement for charges to be remitted to families receiving state support.

Local authorities and other interested parties have been given until November 30 to comment on the proposals. Although the Education Bill will by then be on its way through the Commons, clauses establishing the two-level framework will probably be added during the committee or report stage early next year.

The Association of Metropolitan Authorities said that it looked on the proposals with some suspicion even though, on the face of it, they seemed fairly reasonable.

It said: "The whole trend of this Government's thinking is to force authorities to raise more and more by charging for services that have hitherto been provided for the general good of the community."

The National Association of Parent-Teacher Associations said the proposals meant that rich families' children would have a better education than those of the poor.

"It is the thin end of the wedge because as soon as you give local authorities power for some charges, it is inevitable that there will be loopholes," the association said.

MP criticises 'threat' to FT

BY RAYMOND SNODDY

MR JOHN SMITH, Shadow Chancellor, said yesterday that the Government should investigate ways of protecting the independence of the Financial Times.

He told a seminar in London that Mr Rupert Murdoch, chief executive of News Corporation, was "a potential threat" to the newspaper's independence.

He was speaking a day after Lord Blakenham, chairman of Pearson, the conglomerate which owns the Financial Times, made it clear that the company regarded any new large shareholdings as unwelcome.

Last week Mr Murdoch surprised the City by spending about £250m to acquire a 14.7 per cent stake in Pearson.

Mr Smith said the Financial Times was crucially important for information and reliable assessment on which individuals and financial institutions could rely for impartiality and integrity.

"I have no doubt that if Mr Murdoch were able to add control or powerful influence over the Financial Times to his other extensive interests, that independence would be gravely undermined," said Mr Smith.

If a management buy-out at the Financial Times was impossible, the Government "should take positive steps to ensure that the ownership is independent," he said.

After Thursday's meeting with Lord Blakenham, Mr Murdoch said he was interested in a long-term investment in Pearson and reiterated that he had neither the "desire nor the intention" to take control of the group.

ECONOMIC DIARY

MONDAY: Department of Trade and Industry publishes August final figures for retail sales and August figures for credit business. Investigation into loss of MV Derbyshire, Church House, SW1. Anglo-Spanish talks on Gibraltar start, Madrid (until October 7). EC Internal Market Council meets, Luxembourg. EC Standing Committee on Employment meets, Denmark.

TUESDAY: Conservative Party conference opens, Blackpool, discusses small businesses, poll tax, employment, defence and inner cities. Inbucon survey of executive salaries and fringe benefits published. EC Education Ministers start two-day informal meeting, Denmark.

WEDNESDAY: July figures for overseas travel and tourism. Advance energy statistics for August. EC Energy Ministers informal meeting, Denmark. Conservatives discuss farming, trade unions, education, law and order, housing, energy and privatisation.

THURSDAY: September provisional figures of vehicle production. Detailed analysis of employment, unemployment, earnings, prices and other indicators. EC Competition Commissioner, Mr Peter Sutherland, speaks at a meeting of the Bar Association for Commerce, Finance and Industry, London. Ex-MP Mr Keith Best expected to appeal against British Telecom shares offence prison sentence, High Court. Conservatives discuss health and social security, economy, European Community and trade

FRIDAY: Tax and price index for September. Retail prices index for September. Second quarter final figures for finished steel consumption and stock changes. Conservatives discuss party policy and organisation: closing address by the Prime Minister, Mrs Margaret Thatcher. Association of Chief Police Officers statement following annual meeting.

BA 'likely' to acquire further airlines

By Michael Donne, Aerospace Correspondent

PRIVATISED British Airways is likely to seek additional airline acquisitions beyond its proposed takeover of British Caledonian, which has been referred to the Monopolies and Mergers Commission.

This view was expressed by Mr Roy Watts, former deputy chairman and chief executive of BA, who is now chairman of Thames Water. He retains aviation interest as deputy chairman of Brymon Airways, the regional airline in which BA has a 40 per cent shareholding.

Mr Watts, writing in Airline Business magazine, said that British Airways had the necessary strength and aggressive attitude to pursue further acquisitions.

"It will exploit its new-found strength as a public limited company in a way and at a speed which will make government reel," declared Mr Watts.

He said that "the so-called global airline trend" was about acquiring route structure as other large airlines had done and were continuing to do.

"Such carriers are primarily private-sector carriers, not owned by government. Such airlines seem to have both the will and the freedom to think globally.

"One can now add to this list British Airways, the latest recruit to the private sector," Mr Watts said, adding that he believed British Airways' proposal to take over (not merge with) British Caledonian was inevitable.

"Not only will British Airways wish to enhance its own route structure (picking up rationalisation and market strengths on the way) but, given its size compared with the rest of the industry, it is a natural predator. And it may not stop with BCal."

Co-op bank to split branch network

THE CO-OPERATIVE Bank has decided to split its branch network in two.

The split will relate initially to 25 of its 90 branches. In some cases, half of one branch will serve personal customers and the other will serve corporate customers. When the bank has two branches close to one another, one will concentrate on corporate customers and the other on personal customers.

Guinness backs out of Scottish base decision

BY FEONA MCEWAN AND JOHN HUNT

GUINNESS, the international drinks group, has decided not to set up its headquarters in Scotland as promised by its previous management to shareholders at the time of the takeover of the Scottish Distillers company more than a year ago.

However, the company has announced plans to set up a new company, to be called United Distillers, and to be registered in Edinburgh. This will combine Distillers and Arthur Bell and Sons and will cover all the companies within Guinness's spirits interests. The link makes the new company one of the largest in Scotland.

The original commitment to move Guinness's headquarters to Edinburgh was made by Mr Ernest Saunders, then chairman and chief executive of Guinness, when the company was bidding to acquire Distillers. At the time there was considerable scepticism in the City..

Mr Saunders resigned as chairman late last year in the wake of allegations that Guinness acted improperly in the takeover bid.

The announcement drew an angry response from some Scottish policiticans yesterday. Mr Donald Dewar, Labour's shadow Scottish Secretary, said the decision of Guinness not to move to Edinburgh was the latest sad chapter in a very sorry story.

He pointed out that the promise to move to Edinburgh was made by Guinness in the formal offer document in an attempt to influence shareholders.

He saw a strong case for giving the Monopolies and Mergers Commission the power to monitor, and possibly enforce, binding promises of this kind.

"There is no point in talking about the integrity of the City when major public companies can trample with impunity on their own undertakings," Mr Dewar said.

Mr Alex Salmond, deputy leader of the Scottish Nationalists, said: "The board of Guinness has reneged on an inescapable commitment to locate their head office operation in Scotland. The establishment of a subsidiary company in Scotland to control the whisky trade is small consolation.

"The source of ultimate authority in the company will be firmly in London, despite the fact that three-quarters of Guinness's trading profit is generated from Scotch whisky interests."

Guinness argues that its plans - taken after "a considerable period and agreed unanimously" - are in the best interests of the company, its employees and its shareholders.

Sir Norman Macfarlane, new chairman of Guinness and a Scotsman, described the new company, United Distillers, as "a powerful force producing great benefit to both the Scotch whisky industry and to many facets of the Scottish economy."

The former Distillers company was being totally overhauled and the UK sales and marketing activities had been transferred to Perth.

A number of corporate functions had also been moved from London to Edinburgh.

Sir Norman said that the main problems for the Scotch whisky business were not in Scotland but in world markets, which account for about 80 per cent of the group's spirits business. "The way for us to help Scotland is by better marketing and by selling more and these must be our priorities."

SIB plans criticised by unit trust body

BY ERIC SHORT

PROPOSALS by the Securities and Investments Board for the regulation of the unit trust industry are not in the interests of investors, Mr Bill Stuttaford, chief executive of Framington Group and chairman of the Unit Trust Association, said yesterday.

The association was highly critical of many of the draft rules put forward by SIB, the new City regulatory authority, for its control of the unit trust industry.

SIB will take over the supervision of the industry from the Department of Trade and Industry next year. On Thursday, it published proposals on methods of pricing units, prices at which deals are made and controls over managers dealing in their own units.

Mr Stuttaford said that the UTA committee had looked at how the draft regulations would affect both management groups and investors. The aim of the authorities should be to produce a regulatory system that achieved fairness without losing the current simplicity of operation of unit trusts, or their competitive edge.

At present, investors carry out unit trust deals on the last published price, a system that SIB feels can give scope for abuse. It proposes to switch to a forward pricing basis,- used by US mutual funds, whereby the deal is transacted at the price fixed after notification of the deal.

Mr Stuttaford claimed this would have three disadvantages for investors.

They would not know at what price they would be dealing; there would be much greater fluctuations in prices since investors would have to carry the market risk currently borne by the managers; and the contract note of the deal would be sent out later.

Mr Stuttaford attacked SIB's proposal that the published prices must show the basis on which they were calculated. Since these prices would be historical, then the information, he said, would at best be meaningless and at worst could be highly misleading since there was no guarantee that the manager would not change the basis for the next pricing.

The association accepted SIB's proposal that managers should disclose their charges, but objected to being treated more severely than other industries, particularly life assurance.

Lex, Back Page

MoD contract progress

BY DAVID BUCHAN

THE MINISTRY of Defence said yesterday that progress on a £100m army computer programme by Marconi Command and Control Systems (MCCS) was slower than the ministry had hoped, but it had no fundamental disagreement" with the company over the contract.

MCCS started work on the Battlefield Artillery Target Engagement System (Bates) to automate artillery firepower in 1976. After delays in the early 1980s, caused partly by ministry funding problems, Marconi took over the development contract in spring 1985 as prime contractor.

The MoD said yesterday this was an "incentivised" contract with a maximum price which bound the company on cost and performance.

Richard Tomkins unravels the confusion over inconsistent punishment of multiple share applications

When taking more than your fair share is a crime

THE JUXTAPOSITION of two events this week could scarcely have been better calculated to sow confusion in the minds of those tempted to make multiple applications in public share offerings.

On Wednesday afternoon in London's Southwark Crown Court, former Tory MP, Mr Keith Best, was sentenced to four years' imprisonment and fined £3,000 for making six applications under different variations of his name for shares in the British Telecom flotation.

But less than 24 hours later, at a press conference to launch the marketing campaign for Eurotunnel's share offering next month, the advisers to the issue said no measures would be taken to apprehend multiple applicants in this flotation.

They might be discouraged, or even have their applications turned down, but they would not find themselves behind bars.

The apparent discrepancy goes a long way towards explaining why many people were this week astonished at the severity of Mr Best's sentence. In their view, Mr Best had simply been practising a refinement of the long-established sport of "stagging" - applying for shares in a new issue with the aim of selling them when dealings begin at a quick profit.

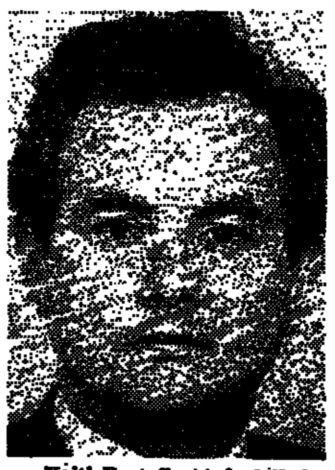
There has rarely been any suggestion that stagging itself is wrong. However, the profitability of the practice is dependent on the size of allocation which the stag obtains, and in a heavily over-subscribed new issue, the rationing of shares may be such that the only hope he sees of obtaining a reasonable size of allocation may be to put in a number of separate applications.

Although sometimes frowned on in the City, this practice has never been universally condemned. Indeed, in one sense it is useful to new issue sponsors because of the flexibility it provides.

- In an otherwise poorly subscribed issue, sponsors can count in the multiple applications and claim a healthy response; and in a heavily over-subscribed issue, they can reject the multiple applications they detect in order to give the remaining applicants better allocations.

Probably no one would ever have regarded the practice as criminal had it not been for the Government's privatisation programme - or, more specifically, the Government's drive to widen share ownership.

Once having decided to sell off companies on attractive terms with the aim of putting their shares into as many hands as possible, the Government considered that it would defeat the point of the exercise if stags were to sweep the field and leave nothing for the first-time investor.



Keith Best: first to be jailed for multiple applications

It also seemed only fair that everyone should have the same chance of obtaining the same number of shares in the allocation.

With the first major issue aimed at widening share ownership - the British Telecom issue at the end of 1984 - it therefore introduced the condition that only one application could be made on each applicant's behalf and warned that it was prepared to take legal action against those who ignored the warning.

With the exception of the TSB flotation last year, a quasi-privatisation issue, this condition has only ever applied to Government flotations. No private company would want to burden itself with the costs and inconvenience of taking multiple applicants to court, however much it wanted to discourage them: hence Eurotunnel's decision not to threaten criminal proceedings.

In the case of British Telecom, the enforcement of the condition was desultory.

Anecdotal evidence alone suggests that abuse was widespread, but detection systems at the time were primitive, and Peat Marwick, the accountancy firm commissioned to act as watchdog over the issue, was only ever asked to investigate multiple applications numbering 15 or more - a brief which precluded the investigation of Mr Best until other sources detected his offence earlier this year.

Since then, the vetting procedures and the accompanying warnings have become tougher with every privatisation issue.

The BP share offering later this month, to be policed by accountants Ernst & Whinney, is likely to boast the most sophisticated computer systems yet aimed at tracking down the fraudulent application: they will record not only every application submitted, but also, for the first time, details of every accompanying cheque.

These intensified efforts to catch multiple applicants have so far produced few results in the courts. Up till this week, the only successful prosecutions to have been brought involved 10 people from the British Telecom issue and one from the British Aerospace issue in 1985, all of whom were fined between £3,750 and £8,400 each plus costs.

However, there are many other cases in the pipeline. Five more people have been charged in connection with the British Aerospace issue and seven are due in court later this month in connection with the Britoil issue in 1985. Four people have been charged in connection with the TSB flotation last year, and inquiries are still continuing into the more recent British Gas, British Airways, Rolls-Royce and BAA flotations.

But to the Government and the firms which advise it on privatisation issues, the extent to which multiple applications are prevented is more important than how many people are dragged through the courts. In this, they claim to have met with considerable success.

An attempt at a multiple application as amateurish as Mr Best's would not stand a chance of escaping detection today, they say.

Yet the most simple form of multiple application may well continue to escape prosecution. This is the case where a member of a household - say, a man with a wife and four children - puts in one application on behalf of every member of his immediate family.

This may be legitimate if the applications really are for the benefit of the people in whose names they are made, but it is theoretically not the case if they are all for the benefit of the same person. The Government, however, would look draconian indeed if it were ever to start dragging families through the courts in an attempt to prove dishonesty.

BP and Eurotunnel issues, Page IV

AN UNEMPLOYED man made 55 applications for British Airways shares in a fraud which could have made him £100,000, an Old Bailey court was told yesterday.

Khalid Ahmed, 21, admitted five sample counts of attempting to obtain shares by deception and one of actually obtaining 250 shares. In addition he admitted a forgery charge.

The judge postponed sentence until Tuesday so he could study sentencing guidelines expected to be laid down on Monday by the Lord Chief Justice.

The Lord Chief Justice will be presiding over the appeal by Keith Best, the former Conservative MP, who was jailed for multiple British Telecom share applications.

Rise in currency reserves

By Janet Bush

BANK OF ENGLAND intervention to combat unwanted sterling strength last month led to a rise in official gold and foreign currency reserves, going some way to reverse the fall in the reserves during August.

Treasury figures released yesterday showed an underlying rise in the reserves during September of \$380m (£234m) compared with a fall of \$457m in August.

Sterling traded in a narrow range overall last month, near to the DM3.00 level which is believed to represent the top of the authorities' desired range for the pound. Only in the aftermath of news on September 24 of a sharp deterioration in the August balance of payments did sterling falter and then its decline was only temporary.

By the end of last month, sterling was once again looking strong and the Bank of England intervened in substantial amounts on several occasions this week whenever sterling approached the DM3.00 level.

It is believed the largest bout of intervention against sterling took place on Tuesday, but this was too late to be included in September's figures.

There has been speculation that the Bank of England was becoming concerned about the scale of intervention needed to cap sterling's strength as sales of sterling on the foreign exchanges temporarily boosted money supply.

However, recent intervention has been on a much smaller scale than in the run-up to the general election when reserves rose on an underlying basis by nearly \$9.5bn in the three-month period.

Spycatcher case date announced

THE FULL TRIAL of the Government's claim for a permanent ban on press reports of Spycatcher, the memoirs of former MI5 officer Mr Peter Wright, will begin in the High Court on November 16.

Yesterday the court was told that the Government was likely to claim it would not be in the public interest for certain documents relating to the security services to be used as evidence.

The Observer and Guardian newspapers are prevented by a temporary injunction

Navy receives £300m reactor for Trident

BY DAVID FISHLOCK, SCIENCE EDITOR

A £300M PRESSURISED water reactor, twice as powerful as any built in Britain, was handed over at full power to the Royal Navy in a ceremony near Dounreay, Caithness, yesterday.

Lord Trefgarne, Defence Procurement Minister, briefly took receipt of PWR 2, the prototype nuclear power plant for Britain's four Trident submarines, at the Navy's Vulcan shore test facility.

The Navy promptly returned the reactor to the custody of its constructors, Rolls-Royce & Associates, a defence consortium which specialises in the Navy's nuclear engineering and which runs the Vulcan facility. This company has built 20 reactors for the Navy.

Lord Trefgarne said the project had been brought to full power on schedule and within budget - claims that he could not make very often.

The power plant has already embarked on an accelerated test run with the aim of proving the design before Vanguard, the first 15,000-tonne British Trident submarine, puts to sea in 1991-82.

The second of the four Trident submarines - still unnamed - was expected to be ordered within weeks, Lord Trefgarne said.

The reactor is also intended for a new generation of attack submarines, the W-class, faster but quieter than current submarine hunters.

The power plant has nearly double the power of the Trafalgar-class reactor. Its other dominant features include enhanced safety and greater shock resistance when under attack. PWR 2 is also expected to need less maintenance.

The power plant was built by Vickers Shipbuilders and Engineering at Barrow and was towed 500 miles to site in 1985.

Sir Francis Tombs, chairman of Rolls-Royce, the dominant shareholder in the defence subsidiary, said the company was now seeking civil contracts for PWR skills based on 28 years of operating a "cradle-to-grave" PWR service for the Navy.

It has just been awarded a PWR contract by the Central Electricity Generating Board to inspect the vessel for its Sizewell B PWR in Suffolk.

Sir Francis said it was the only company in Britain with experience of building and operating the PWR.

Even though the submarine reactor was quite different from the land-based reactor, he believed there were a number of areas where the company's experience could be applied.

Rolls-Royce is also studying designs for factory-built civil PWRs of potential interest to the electricity supply industry.

The company has converted the first land-based prototype PWR at Dounreay into a safety experiment called Laird - the loss-of-coolant accident investigation rig at Dounreay - designed to simulate accident conditions in the reactor.

US bank to appeal over ruling to free Libyan funds

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BANKERS TRUST, the New York-based bank, is to appeal against a High Court ruling that it must hand over \$292m (£179.9m) of Libyan funds, frozen in its London branch because of US sanctions against Libya.

Yesterday Mr Justice Staughton, who ruled in favour of the Libyans on September 2, granted Bankers Trust a stay of execution of his order pending the appeal.

The US bank is not appealing against an order that it pay damages agreed at \$1,970,168 to the London account holder, Libyan Arab Foreign Bank, for Bankers Trust's failure to credit the appropriate interest earned by the deposits.

Bankers Trust has been granted a licence by the US Treasury to pay the \$1.97m. It has applied for licences to pay the \$292m.

Rejecting the Libyan bank's arguments against a stay, Mr Justice Staughton said there was no dispute that Bankers Trust owed the \$292m to Libyan Arab Foreign Bank.

"Bankers Trust would, I believe, be absolutely delighted if they could pay the money and be finished with this affair, but by the law of New York they cannot lawfully do so and they risk incurring sanctions if they do so."

He said he had no doubt about the ability of Bankers Trust or its London branch to pay the money. "If, on the other hand, the money were now paid to (the Libyan bank) there is a real risk that it would be removed outside the reach of this court and not be recoverable if the Court of Appeal were to reach a different conclusion from that which I have reached."

The judge continued an injunction restraining Bankers Trust from dealing with the funds in the Libyans' account. He awarded Libyan Arab Foreign Bank interest on the \$292m and \$1.9m and ordered Bankers Trust to pay costs.

Bankers Trust's appeal is not likely to be heard before next spring and will probably then go to the Law Lords. The US authorities may see no reason for granting licences for the payment of the \$292m until the matter has been decided. The legal costs that will be incurred by Bankers Trust are not likely to weigh heavily in the political equation.

Mr Justice Staughton ruled that the Libyan deposits were governed by English law and that President Reagan's January 1986 freeze on Libyan assets in US banks - part of his anti-terrorism campaign - did not extend to the London branches of US banks.

TV and film net foreign earnings fall by £50m

BY RAYMOND SNODDY

THE NET FOREIGN earnings of the British film and television industries fell by £50m in 1986 compared with the previous year.

Total net earnings from the production and distribution of films and television programmes were £114m compared with £164m in 1985.

Total receipts at £310m in 1986 were £60m lower than in 1985, while payments of £195m for foreign programmes brought into the UK were £11m lower, according to figures compiled by the Department of Trade and Industry.

The net overseas earnings of British film companies fell by 24 per cent, reversing an upward trend that started in 1982.

Film earnings fell by £51m to £209m, with receipts from the crucial American market falling by more than a third to £109m.

Part of the decline in US earnings was accounted for by the fall in the US dollar against the pound.

Net overseas earnings of British broadcasting organisations also fell substantially from £28m to £12m.

Allied Dunbar sells £47m shop portfolio to ICI fund

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

ALLIED DUNBAR Assurance, the main financial services arm of BAT Industries, has taken advantage of the strong retail property market to sell a £47m portfolio of shops to the ICI Pension Fund.

Mr Greg Nicholson of Hillier Parker, the Allied Dunbar adviser, said: "The sale is a significant indicator of the step back into property by the financial institutions generally."

Property yields have been steadily increasing, diverting some institutional attention from the equity market.

This is the second large property acquisition by the ICI Pension Fund in two months. In July it committed £29.4m to a City of London office development.

Allied Dunbar's sale, described as active portfolio management, is its fourth significant disposal of a portfolio in nine months and brings its proceeds to more than £100m. Earlier it sold portfolios to Helical Bar, Peachey Property and Priest Marians.

The ICI Pension Fund is buying 17 properties, the most valuable being a former F. W. Woolworth store in Liverpool.

Newspaper celebrates birthday

By Raymond Snoddy

MR ANDREAS WHITTAM SMITH, the former Daily Telegraph City editor who founded The Independent, has always been among the most cautious and modest about the new quality daily's chances in a cruel world.

On Monday to celebrate the first anniversary of the paper, Mr Whittam Smith is holding a party at The Honourable Artillery Company in London.

"It's a proper party with party organisers and we are spending some money on it," said the increasingly sanguine Mr Whittam Smith who expects as many as 800 to attend.

There is more to celebrate than mere survival. The Independent sold an average of 360,000 copies a day in September and in the month of its first birthday, Mr Whittam Smith believes the paper will break even on a monthly basis for the first time.

Circulation has risen by 100,000 in the last 8 months, and Mr Whittam Smith believes the 400,000 mark can be reached in January or February.

"We have achieved a certain momentum," The Independent's editor says, although he is almost painfully aware that newspaper circulations can go up as well as down and no-one can predict such things accurately.

Circulation is now only a little behind target. The prospectus on which £18m was raised in the City to launch the paper envisaged a circulation of 373,000 by September 30 this year.

After a disastrous start, classified advertising has picked up and is now, according to Mr Whittam Smith, within striking distance of target.

"The budgets we are now on should mean a small profit in the year to October," says Mr Whittam Smith, who is chief executive as well as editor.

The paper has absorbed about £20m so far, although a £3m overdraft is still untouched and Mr Whittam Smith thinks it increasingly unlikely that he will have to go to his institutional investors for more.

In its first year, he says, the key priority was to establish the journalistic credentials of the paper with both readers and advertisers.

The overriding task this year was to make The Independent profitable and all thoughts of new ventures have been set aside until that has been achieved.

David Churchill on attempts to encourage early bookings for next summer's holidays

Tour companies give sunshine the hard sell

THE NEXT few weeks will be crucial for Britain's travel industry.

While many small tour operators are desperately trying to balance their books or face calling in the receiver, leading tour operators are anxiously waiting to see if consumers will buy next summer's holidays now at brochure prices, or wait for the inevitable last-minute discounts.

The scramble this summer to fill empty airline seats and hotel beds at rock-bottom prices may have won the travel companies some friends, but it angered hundreds of thousands of holidaymakers who paid more for their holidays by booking early.

The experience of the past few years has shown that if plenty of last-minute bargains are around one summer, then consumers are reluctant to book early for the following year. In an attempt to buck this trend, Thomson Holidays, the largest tour operator selling summer holidays, has just launched a £5m advertising campaign to attract early bookings.

Thomson has not been alone. Leading travel agents such as Thomas Cook, Lunn Poly and Pickfords Travel are offering holidaymakers the chance to pay a mere £5 deposit on next summer's holidays if they book early. They are also offering special deals, including Pickfords' offer of a personal stereo to those who book and pay early.

Thomson said there was no evidence yet that people were not booking early. "We sold some 184,000 holidays on Thursday, the first day they went on sale, which was about the same level as last year," said Mr Charles Newbold, Thomson managing director.

Bumper holiday sales in 1986 persuaded tour operators to boost holiday capacity this summer by almost 30 per cent. Unfortunately, the market this summer grew by only between 5 per cent and 15 per cent, depending on which tour operator's figures are to be believed. Even the most optimistic version of volume sales still meant that there was considerable excess capacity.

That pushed a number of smaller operators into receivership, and several more are expected to go out of business in the next few weeks.

Larger operators have not emerged unscathed. Last week British Airways Holidays, which made a loss of £4.8m last year from its tour operations, decided to allow Sunmed, a small specialist operator, to take over its holiday operations.

Last month the Rank Organisation sold its Wings tour operations to Horizon, itself bought earlier this year by the Bass brewing group. International Leisure Group, the main holiday company of which is Intasun, was acquired by its management earlier this year and taken private after fears that fluctuations in the travel trade would affect the development of its airline business.

Mr John McEwan, Thomas Cook managing director said: "Tour operators have tightened their belts for next season and there will not be the surplus capacity which has been evident this summer."

Although Thomson is adding some 20 per cent extra capacity to its main holiday brochure for next summer, it will offer only 2.8m holidays compared with the 2.6m it sold this summer.

"We are looking to consolidate our market share and to improve our systems to cope with the very large increase in numbers of holidaymakers we have handled in recent years," said Mr Newbold.

Horizon Holidays, the third-largest operator, has decided to boost its capacity next summer by 20 per cent in a bid to catch up with Intasun.

However, Horizon, Intasun and Thomson have made it clear that they do not intend to be undercut next summer. Brochure prices from the main operators are between 4 per cent and 8 per cent higher than last year, with certain holidays in the early and later parts of the season significantly more expensive.

This follows difficulties in selling more expensive high season holidays for this year. The logic is that if these prove difficult to sell again for next year, then higher margins should be earned on the traditionally less expensive early and late season holidays.

However, all operators are well aware that if holidaymakers decide to wait until next year for holiday bargains, then they will be forced to offer discounts simply to sell the holidays. If this happens, then there will inevitably be further battles in the travel trade price war.

UK NEWS - LABOUR AT BRIGHTON

Electoral reform proposal suffers a crushing defeat

DELEGATES overwhelmingly *endorsed* a demand by Mr Roy Hattersley, Labour's deputy leader, to resist any moves to change the existing first-past-the-post electoral system when the party's annual conference ended at Brighton yesterday.

There were protests from some of the rank and file, however, when he insisted that a resolution calling for a working party to examine all aspects of electoral reform should be recognised as a covert attempt to secure backing for the introduction of proportional representation.

Mr Roger Page, from Warley East, accused Mr Hattersley of failing to deal with the actual terms of the resolution but Mr Syd Tierney, the chairman, overruled his objections and on a show of hands it was crushingly defeated.

Mr Hattersley had warned that the overall success of the conference would be called into question if there were to be a large degree of support for the motion which, whatever might be said by its sponsors, would be widely interpreted as indicating support for proportional representation.

Reports by Ivor Owen and Tom Lynch
Pictures by Alan Harper

Such a development, he said, would be "absolute folly."

Mr Hattersley maintained that proportional representation was bad in principle because it would result in hung parliaments with politicians huddling together after a general election to decide which policies would be implemented.

Proportional representation, he said, was seen as a means of securing some sort of victory for policies which nobody supported and programmes nobody wanted.

In a scoffing reference to Mr Robert Maclennan, the new leader of the Social Democratic Party, Mr Hattersley described proportional representation as a *lifeline for politicians whose* names no-one could remember.

These included the man in the tweed suit with the umbrella "soon to be carried about in the top pocket" of Mr David Steel the Liberal leader.

Mr Hattersley also contended that the accountability of members of parliament, provided by the first-past-the-post system through the single-member constituency, would be undermined by a switch to proportional representation.

Roy Hattersley: proportional representation bad in principle

Mr Prosper Dowden, from Mole Valley, who moved the resolution, highlighted the lack of fairness in the first-past-the-post electoral *system and* claimed that by continuing *to* support it Labour would be seen as being as cynical as the Conservatives.

Mr Kevin Stephens, from Gloucester, who is chairman of the party's south western region, attacked Mr Austin Mitchell, the Labour MP for Great Grimsby. He accused him of suggesting that Labour should cease to contest some constituencies in the western counties to make Conservative-held seats more vulnerable to attack by the Liberals and their allies.

Mr Stephens accused Mr Mitchell of insulting loyal Labour *members* in the west country who worked so hard for the party.

It was an area which needed to see the implementation of Labour's policy on the establishment of a minimum wage, and itincluded Devonport Dockyard where those workers who had been made redundant required the support of a Labour MP rather than Dr David Owen, the former leader of the SDP.

Legal policy receives an enthusiastic response

PROPOSALS FOR reforming the legal system, to be considered by Labour leaders, include abolishing the posts of Lord Chancellor and Home Secretary and establishing a Ministry of Justice.

Resolutions embodying this approach and calling for the repeal of the restrictive provisions of the 1986 Public Order Act and the "drastic" reform of the Official Secrets Act were approved enthusiastically.

Mr Dennis Skinner, MP for Bolsover, emphasised that his colleagues on the party's national executive unanimously agreed the resolutions should form part of the next series of Labour policy documents.

In a wide-ranging speech which won long applause, he condemned the "elitism and patronage" which riddled the legal system. Mr Skinner also hit out at "unelected judges" and their links with freemasonry, arcane language and "kinky clothes."

He suggested the next Labour government should consider securing an extension of the powers which had enabled the funds of the National Union of Mineworkers to be sequestered during the year-long strike in the coalfields, to cover money invested overseas to dodge payments in the UK.

Other changes in the law, he said, should permit demonstrators to march through the streets with fewer restrictions and allow strikers to picket "where and when they will *have the most impact.*"

Lord Gifford, the prominent barrister and Labour peer, cited the banning of trade unionism at the Government's secret communications centre at Cheltenham as an example of rights being eroded. Other instances included the Government's attempt to ban Spycatcher, the book by Mr Peter Wright, the former MI5 agent.

Lord Gifford warned that the Government's attempt to deprive accused persons of their right to remain silent would result in police interrogations starting with the statement: "You are obliged to answer our questions."

Another lawyer, Mr Keith Vaz, MP for Leicester East, pressed for the introduction of a free national legal service based on the law centre movement and a reduction in the public money made available through the legal aid scheme to private solicitors.

Black sections not invited by the Party

ANGER AMONG supporters of black sections spilled over into angry scenes on the final day of the conference, as trade union block votes again frustrated constituency efforts to give black sections a place in the structure of the Labour Party.

Mr Cyril Ambler was jeered, heckled and slow hand-clapped as he urged, on behalf of the national executive, the rejection of two motions in favour of black sections.

Mr Syd Tierney, the party chairman called the demonstration "disgraceful" and said it undermined the party's ability to attack those who denied free speech to others.

A motion calling for the right of autonomous black sections to organise in the Labour Party was rejected on a card vote by 5,181,000 to 880,000 and an almost identical motion, which called additionally for two black section representatives on the NEC was defeated by 5,867,000 to 230,000.

In a powerful speech from the rostrum, Mr Knomba Balogun (Bristol West) pointed out that there was only a small number of black conference delegates, in spite of the loyal Labour vote among the black community. "Yet you have the audacity to *tell us the system works without* black section delegates. I tell you it does not."

He argued that Labour had done well in the general election in many inner city constituencies because of the work put in by black section members and contrasted their efforts with the NEC's "unelected, unaccountable and tame" black and Asian committee.

Labour's four black MPs in conference: Paul Boateng, Bernie Grant, Keith Vaz and Diane Abbott

The NEC had delivered "a stab in the back" to black people when it dismissed Ms Sharon Atkin as candidate for Nottingham East shortly before the election for stating that the Labour Party was racist. Mr Balogun argued that she had been speaking the truth.

"We are a force which represents *the militant struggle of* black people. Our combined strength should be used on the Tories as part of this party's armoury of weapons."

Every speaker from the floor supported black sections and there were protests when Ms Diane Abbott, the MP for Hackney North and Stoke Newington, who was sitting with the three other black MPs, failed in her efforts to be called to speak.

Ms Linda Bellos (Vauxhall), the former leader of Lambeth Council, said the annual conference argument on black sections should not be necessary. "This party is a federal party. It recognises the right of women, of young people, of trade unionists, indeed of drinking men's clubs, to meet together to talk about issues of concern. Whatever the block votes do to us today we are going to be back next year and the year after."

She suggested that, since the leadership was to carry out a major review, it could include another look at the party's lack of policies on race. She accused party leaders of failing to defend councils which were vilified as "looney left" for carrying out positive policies on race.

Mr Ambler said there was no dispute within the party that black people should become more involved at all levels - the argument was about how that was to be achieved.

He defended the black and Asian committee which he said *was working well after some ini*tial difficulties, although there were slow hand-clapping and stamping from protesters, mainly in the public galleries, as he described the committee's work.

"The formation of a group separate because of its colour would be divisive and against the principles of democratic socialism. We seek integration, not separation and segregation."

British protection under fire

THE ROYAL NAVY should not be protecting most of the British flagged merchant ships in the Gulf because their foreign owners do not contribute to the cost of that protection, Mr Sam McCluskie, the General Secretary of the National Union of Seamen, told the conference.

Only four of the 27 or 28 British ships in the Gulf last week were registered in the UK and had British crews, he said. The others had foreign crews and were registered in British colonies.

He told delegates: "For 23 or 24 ships that are the subject of protection from the Royal Navy, not one penny piece is returned to the Chancellor of the Exchequer. It is put to the tax havens to be enjoyed by the people who own the ships.

"Where British seamen are in danger they should be protected. I am against that protection being extended to non-British ships and non-British taxpayers," said Mr McCluskie, replying on behalf of the national executive committee to the debate on the Gulf war.

Sam McCluskie: British seamen must be protected

Delegates unanimously backed a motion calling for an international arms embargo on Iran and Iraq, condemning attacks on neutral ships and aircraft, and deploring human rights abuses in both countries.

Mr McCluskie poured scorn on claims by the US and Britain that their navies were in the Gulf to guarantee freedom of passage to neutral shipping. He said 290 ships had been attacked or hit by mines in the Gulf war before the US intervention - not one of the those ships had been flying the American flag.

The US had become involved because of embarrassment over the Irangate affair, "and in doing so took on the old British mantle of gunboat diplomacy. When they had done that, they found that the poodle in Number 10 followed."

Protest by women fizzles out

A PROTEST by women from constituency parties about the rules for reselecting MPs fizzled out after disrupting the early part of yesterday

There have been repeated protests by some women delegates since they failed on Wednesday to overturn rules relating to the procedure where a constituency returns its sitting MP by submitting a shortlist containing only one name.

The women argue that this should be changed in the light of this year's conference decision that there should be at least one woman on every selection shortlist, and they have raised repeated points of order in a bid to have Wednesday's vote reviewed.

UK NEWS - LABOUR

EETPU and employers in talks on self-employed

BY JIMMY BURNS, LABOUR STAFF

THE EETPU electricians's union has begun negotiations with employers in the electrical contracting industry which are expected to lead to the joint running of an agency for the self-employed.

The negotiations focus on the possible restructuring of an agency set up four months ago by the Electrical Contractors' Association which the union sees as a potential threat to the future strength of its organisation within the industry.

The EETPU's negotiations on the agency confirm a shift in policy away from opposition to the use of self-employed labour. When the association set up its agency it was accused of breaking a 1968 agreement establishing the joint industry board for the sector.

The union is accepting a possible compromise by which the agency would be run under the auspices of the board, which formulates the working rules for the core of directly employed workers within the sector.

The union says it wants any future agreement on the agency to include restrictions on the number of self-employed and the time for which they can be contracted.

This appears aimed at defusing criticism by other unions, which have accused the EETPU of directly sanctioning the break up of the core of directly employed workers to the detriment of organised labour.

The EETPU's decision to negotiate its participation in the agency has been welcomed by employers.

The rapid rise in self-employement among the estimated 45,000 contract electricians in Britain has undermined established training and pay structures and threatened the de-unionisation of the industry.

Christmas post action 'threat to jobs'

BY CHARLES LEADBEATER, LABOUR STAFF

THE Post Office yesterday warned that industrial action planned by the Union of Communication Workers in the run up to Christmas may lead to job losses as well as disruption to mail services.

UCW leaders decided late on Thursday to ballot the union's 160,000 members *in the Post Of*fice on industrial action, including strikes, in pursuit of the unions claim for a three-hour cut in the working week. The union would have to implement a vote in favour of industrial action within 28 days of the completion of the ballot on November 17.

The Post Office said that job security, thousands of jobs created by businesses growth over the past five years and as many as *20,000 jobs planned over the* next five years, could be jeopardised. It is thought likely that the union will stage a series of selective strikes at key parts of the network, such as London sorting offices.

The Post Office has offered a one-hour cut in the working week, which its says is 39.5 hours excluding paid meal breaks, provided the reduction is financed by productivity savings. The union says the working week is 43 hours.

*Union leaders would be pre*pared to discuss productivity savings if the Post Office offered a cut of more than an hour.

Firefighters delay strike action

By Charles Leadbeater, Labour Staff

FIREFIGHTERS in West Glamorgan yesterday decided to *delay till Monday industrial ac*tion over the county council's plan for 40 job losses.

The Fire Brigades Union had said it would start a series of one hour strikes from 5pm yesterday if talks with the council failed to resolve the dispute.

It has now decided to delay until 12am on Monday to allow the council's public protection committee to consider its objections

The union wants the council to withdraw the plan and wait for the results of a review of fire services' needs being carried out by the Central Fire Brigades Advisory Council.

About 120 army personnel and 20 fire engines have been moved from Hampshire to Cardiff to provide emergency cover.

David Brindle on setting wages in the wake of competitive tendering

A pay problem in the public sector

LOCAL AUTHORITY employers face a problem that will inevitably spread with the growth of competitive tendering: how to set the pay of workers who are in competition with the private sector, but who remain *part of public sector wage hier*archies.

The problem has arisen with 80,000 building and civil engineering craft operatives and labourers, whose direct labour organisations (DLOs) were set up to compete with private contractors under the Local Government Planning and Land Act 1980.

The need to become and stay competitive in local labour markets has driven many councils to introduce earnings structures outside the national pay agreement. As a result, the employers and union leaders now mutually acknowledge a case for devolving to local level all responsibility for bonus payments.

The difficulty comes in pitching the basic rates, which both sides want to continue to negotiate nationally.

Talks on council building workers' pay are due to resume on Monday. The odds are on a settlement that will open a con*siderable gap between the ba*sic rates - though not the earnings - offered by councils and by contractors. But the deal is likely to maintain a healthy differential between the council craft operatives and council general manual workers, who negotiate separately.

A survey of 33 councils begun in February found average craft earnings, net of overtime, were £157.23 - 36 per cent above the basic rate of £115.02 for 39 hours. The survey indicated that the national bonus system was largely being ignored, that bonus was usually being determined according to local labour market conditions and that councils wanted this ad-hoc flexibility formalised in the national agreement to enable them to function effectively as trading organisations.

The unions are in agreement that the national bonus system should be scrapped in favour of local schemes, so recent discussion has centred on basic rates. *This is likely to be achieved by* consolidating into the basic rate a proportion of weekly bonus earnings.

The advantages of consolidation for the workforce are an increase in the basic calculator for sick and holiday pay, and a higher platform for future negotiations.

More delicate is the other half of the equation - the injection of "*new money*" into a basic rate which is already close to the guaranteed minimum earnings level of £118.56 in the building industry agreement governing contractors.

Councils cannot afford to jeopardise their DLOs' competitiveness by allowing wage costs to drift up too far, but they cannot allow building craft wage rates to slip close to those of council manual workers.

The manual workers' present offer of 10.6 per cent, tied to flexibility, would set a basic weekly rate of £113.15 for the gardener and roadworker *grades traditionally taken as* comparators.

The craft unions are likely to want a differential of about 10 per cent over this rate, which would increase their present £115.02 by about £10.

The unions are unlikley to accept a deal which does not include some measure of consolidation of bonuses as well as new money to maintain the craft differential. But it is clear there will be a move toward local *flexiblity deals to give councils* room to compete with contractors.

In the no-man's land where public sector meets private, this is the sort of delicate balancing act that pay determination will increasingly become.

APPOINTMENTS

Changes at Warburg

Viscount Garmoyle, Mr P.S.Wilmot-Sitwell and Mr H.C.van der Wyck have been appointed vice-chairmen of S.G.WARBURG GROUP; Mr P.B.Hardy, Mr D.A.Higgs and Mr H.N.Verey become directors. Lord Garmoyle and Mr van der Wyck have been appointed joint chairmen of S.G.Warburg & Co., the merchant bank, in succession to Lord Roll (who continues as president of S.G.Warburg Group) and Sir David Scholey. Mr O.M.Lewisohn has been appointed deputy chairman of S.G.Warburg & Co. Mr R.D.C.Brooke has been appointed deputy chairman of Warburg Securities, with Mr B.K.Peppiatt and Mr Wilmot-Sitwell continuing as joint chairmen. Mr H.A.Stevenson has been appointed deputy chairman of S.G.Warburg Group Management, of which Mr M.G.B.Gore and Mr J.N.Littlewood continue as joint chairmen.

M & G GROUP has appointed Sir William Rees-Mogg as non-executive director. He is chairman of the Arts Council and a director of GEC, and was editor of The Times 1967-81. Mr David Peake has resigned from the board to concentrate on his responsibilities as vice-chairman of Kleinwort Benson.

*

Mr David Farrar has been appointed to the board of ALLIED COLLOIDS as research director. He was group research manager.

*

Five directors have been appointed to the board of ERF. Mr Martin Harper becomes engineering director - he was executive engineering manager; Mr Alan Forster, formerly general manager service, is made service director; Mr Graham Adams is promoted from chief accountant to accounts director; Mr Mel Stadden has been appointed sales director; and Mr Jim Sinclair, materials manager, becomes manufacturing director.

*

GEI INTERNATIONAL has appointed Mr J.M.A.Akers as managing director of of its subsidiary Steel Stampings. He was strategic planning director of TI automotive division.

*

PRIVATE PATIENTS PLAN has appointed Mr John Long as company secretary/legal officer (designate). He was manager of BUPA's legal department.

*

Mr Simon Brewer has been appointed to the board of NOBLE WARREN INVESTMENTS.

*

HUNTERPRINT GROUP has appointed Mr Alan F.Titford as managing director of Hardy (Printers), part of the business forms division. He was manager of the general business division of British Olivetti.

*

COMMUNIDATA has appointed founding managing director Mr Jim Anderson as chairman.

*

THE DEVELOPMENT COMMISSION FOR RURAL ENGLAND has appointed Mr David Davenport to the new post of deputy chairman. He is chairman of the Council for Small Industries in Rural Areas, the main agency of the Commission.

*

HUNTER BUILDING PRODUCTS has appointed Mr Ron Breeme as chairman and joint managing director. Mr Peter D.Brown, previously sales director, becomes joint managing director. Mr Pat Burbidge, general sales manager, joins the board as sales and marketing director.

*

Mr David Pretty is to join ST.GEORGE as managing director. The company is jointly owned by The Berkeley Group and Speyhawk. Mr Pretty was managing director of Barratt Central London.

*

Mr John Clapham has become senior partner of BISCHOFF & CO following the retirement of Mr John Walford who will remain a partner until May 1988.

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A bare pass in leadership

WHEN the world's economic leaders met in Washington this week they faced an examination with four questions, two relating to the short term and two to the long term.

The two long-term questions were what should replace the increasingly discredited system of generalised floating and how the flow of resources to developing countries, both private and public, could not only be increased but managed more wisely than in the recent past.

Each of the two immediate questions is an example of the difficulties raised by the corresponding long-term question. Thus they are, first, what to do about the dollar and, second, what to do about the fractious disputes over developing-country debt.

In many examinations the examinees are permitted to answer a few selected questions. That thought seems to have guided Mr James Baker, the US Treasury Secretary, and Mr Nigel Lawson, the UK Chancellor of the Exchequer, both of whom provided interesting answers to the long-term questions, while leaving more pressing questions unanswered.

Mr Lawson's recommendation was for managed floating combined with aggregate targets for a global nominal variable (inflation or nominal product). To this Mr Baker has added the idea that there might be a commodity anchor to the system, to include gold. The attempt would presumably be made to stabilise the nominal value of some basket of commodities. It seems perverse to try to fix the prices of those commodities whose nominal prices fluctuate readily and so require flexibility in nominal wages and in prices of goods like consumer durables that have historically been inflexible.

Alternative systems

Ever since the First World War the world economy has oscillated between periods of relatively fixed exchange rates and periods of more or less managed floating. At the end of each period the virtues of the alternative system seem compelling.

Mr Lawson is, therefore, playing an historically precedented role. But while Mr Lawson can propose, it is Congress and the Federal Reserve in the US, the Bundesbank in West Germany and the elusive Japanese consensus that dispose. The proposals will be worth more than the ink on which they are written only if the policies of the major countries are disciplined. Otherwise, the very policies that made floating rates both inevitable and disappointingly chaotic will prevent the successful functioning of a more managed system, except to the extent that it eliminates the more perverse effects of speculation.

The question of the dollar today is an example of the difficulties. The German and Japanese authorities are not prepared to subordinate domestic monetary stability indefinitely to the goal of holding the dollar, while the US is equally concerned not to trigger a politically embarrassing recession, whatever the promises about the fiscal deficit.

Unless some cherished domestic objective is surrendered, a further decline in the dollar may prove inevitable, though such a decline may also be of little use for the current account adjustment.

Turn to the issue of resource flows to the developing countries. So far as the long term is concerned, the US has announced a willingness to support a major increase in the capital of the recently reorganised World Bank. The IMF has announced a comprehensive review of its lending policies and there is the sensible, if belated, proposal from Mr Baker that the IMF's Compensatory Financing Facility should be extended (or be replaced by another facility) to allow for changes in interest rates as well as commodity prices.

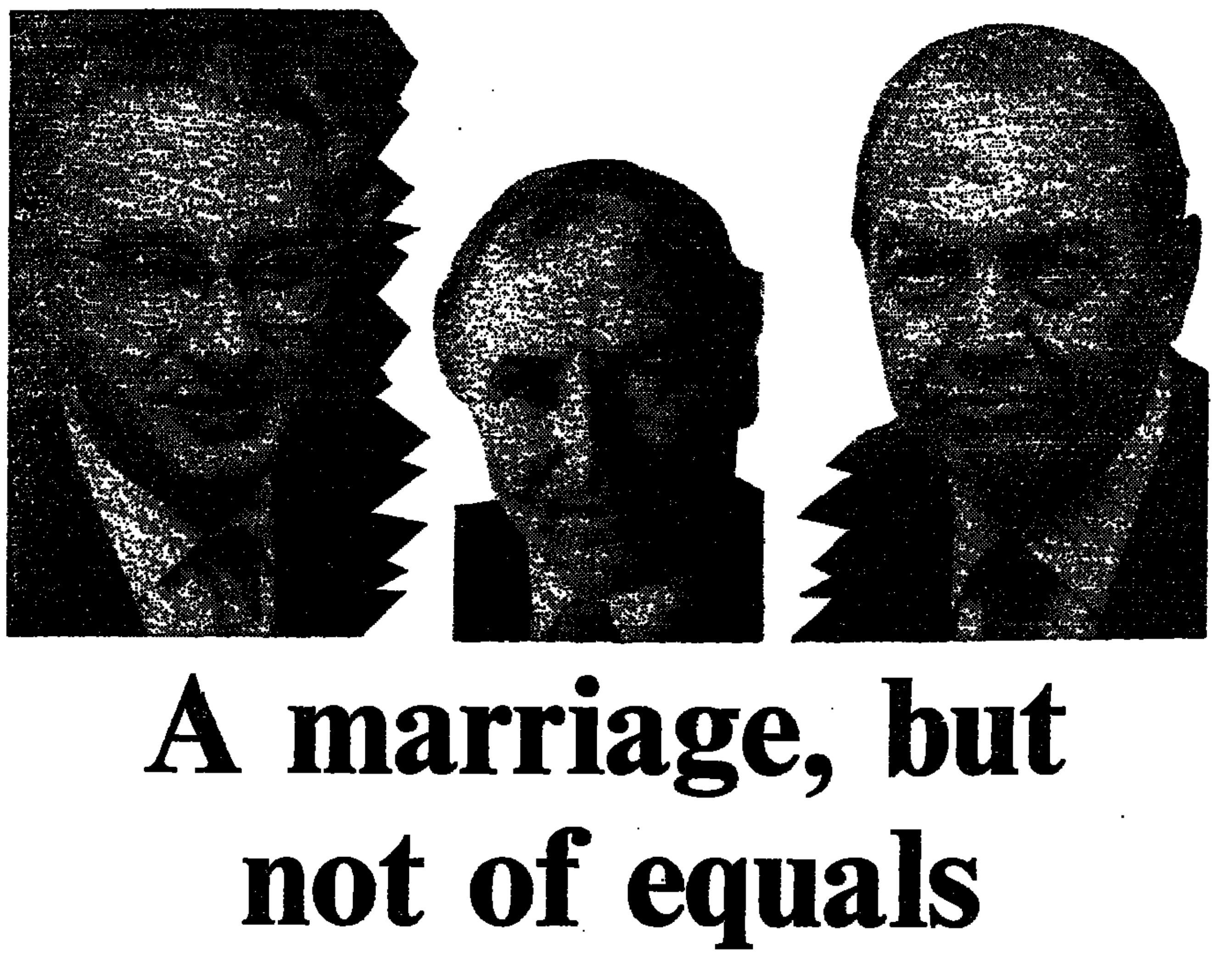
External debt

All this is very well as far as it goes, but the immediate problem of external debt remains in roughly the same state as before. In particular, there is no agreement on a programme of special assistance or debt relief for Africa. Meanwhile, the principal speakers, including Mr Barber Conable, President of the World Bank, have reaffirmed the need for adjustment and policy reform in the debtors and so the case-by-case approach.

All this is familiar but, in the present situation of the world economy, not very convincing. The only light relief is provided by the US willingness to consider regulatory changes that would allow commercial banks greater flexibility in debt rescheduling negotiations. The idea that regulations should be changed just because the conditions for which they are designed have come to pass is a little peculiar. It appears to be in keeping with the general approach to accounting in commercial banks that an accurate thermometer which shows fever should be recalibrated.

Unfortunately, this was not the sort of examination that permitted answering only the easy questions about the distant future. Events of the next few weeks are likely to demonstrate that the pressing problems remain. The policy makers have been trying, but a bare pass is all they deserve.

Plessey's decision to merge its telecommunications business with GEC raises profound questions about its future. **Terry Dodsworth** and **David Thomas** report



A marriage, but not of equals

THE LONG battle over the future of the British telecommunications manufacturing industry took a bewildering turn yesterday when Plessey lost its managing director within 24 hours of announcing a joint venture agreement with the General Electric Company.

Although the departure of Sir James Blyth had been widely expected, the timing of the announcement surprised the City: what had first been presented as a harmonious conclusion to the struggle between Plessey and GEC had begun to look like a GEC bid for control.

It could be dangerous to read too much into the timing of Sir James's departure. But the coincidence of the two events within 24 hours of each other puts the spotlight firmly on Plessey — on whether further management upheaval is now inevitable in the electronics group, and on where Plessey goes next.

Sir James Blyth took up the managing director's job last year and had been widely presented as the executive who would put new vim into Plessey's attempts to become a significant international player in the electronics industry. Well respected from his time as head of sales at the Ministry of Defence, he had won laurels for his ability to put a favourable gloss on the company when Plessey was fighting off the hostile bid from GEC last year. Sir John Clark is a chairman and chief executive who has used up managing directors with alarming regularity over the years.

Views on Sir John have for years been strongly divided. On the one side are those who believe he is too autocratic and cautious; on the other are those—many of them insiders—who concede that he is wayward, but credit him with the vision that has given Plessey a strong research base and created a flow of new products.

Sir John stresses his role as an innovator: "In the early 1970s," he recalled recently, "there were times when I had virtually the entire board against me in favour of getting out of semiconductors. Now that business is regarded as Plessey's crown jewels."

In the present situation, however, the doubts will centre on the succession at Plessey, and Sir John's ability to give the group a new direction. He has been in control of the company since he took over in 1962 at the age of 35, and, having reached 61, he has recently been confirmed in office as executive chairman for another three years—the event which might have precipitated Sir James's departure.

Many observers believe that GEC may have manoeuvred itself into the driving seat in the new joint venture company. Cuts in the prices quoted by GEC for System X were widely believed to be a key factor in driving Plessey to accept the deal.

There was strong speculation yesterday that Mr Richard Reynolds, managing director of GEC telecommunications business, would head the new joint venture company. Whoever receives the job will report to a jointly appointed board, but the possibility that a GEC executive would take over managerial responsibility was seen in the City as one more indication of Plessey's failure to get its act together.

Then there is the question of Plessey's future business strategy. In recent years, one of the features of the group which has impressed its supporters has been its ability to move into difficult areas and make profits in them, often with products which win plaudits from other engineers.

The most striking example is its semiconductor business, which has grown rapidly through sales to highly specialised markets for custom-built chips. During the 1985 slump in the semiconductor sector, Plessey was one of the few producers to make money. It has been able to integrate its chip-manufacturing facilities into the rest of its business to give its end products specially attractive qualities. They lie at the heart of its radar technology, for example, and are a key component in the System X exchange: by contrast GECs semiconductor operation is much smaller and is believed to have slipped slightly into the red during a period of expansion.

Senior executives concede, however, that the group is at a watershed in growth terms, because of its limited overseas activity.

The formation of the joint venture can be seen as a move which strengthens the company in this international competitive sense by giving its telecommunications activities greater size and financial muscle.

On the other hand, Plessey is injecting virtually half its present business—48 per cent of its turnover—into a company over which it will not have control. This is a much different proposition than for GEC, whose telecommunications division accounts for only about 13 per cent of sales. In effect, it leaves Plessey concentrated in a direct managerial sense on its defence, aerospace and microelectronics activities.

Some analysts believe this will make the company considerably more vulnerable to takeover than in the past. Indeed, there was a run of speculation yesterday that STC, the City's favourite electronics stock at present, might be tempted to make a bid for the defence activities, given its well-documented ambitions in this sector.

These points demonstrate the pressure on the group to expand through acquisition. The company has made no secret of its ambitions in this direction in recent months: indeed, one of the points on which Sir John and Sir James were in agreement was that acquisition would be the most effective way of expanding over the near term. The recent appointment of Mr Stephen Walls, a finance director with intimate recent experience of takeover contests in the US, was a sign of the company girding itself for battle.

Shares of UK Telecoms equipment market

	% Market share		
	GEC	Plessey	Combined
Switching			
System X	37	63	100
Telex switching	76	23	100
Transmission(excl. cable)			
Multiplex equipment	62	19	81
Subscriber modem equipment	2	3	5
Copper transmission systems equipment	75	17	93
Optical transmission systems equipment	4	62	67
Network management systems	10	40	50
Microwave radio	50	30	80
Apparatus			
PABX equipment			
large	17	53	70
medium	26	25	51
small	47	15	62
Telephones	13	22	35
'Intelligent' payphones	—	67	67
Data network products			
Packet switching	9	28	37

Source: MMC study

Yet this is not an easy strategy to pursue, as shown by the group's recent abortive attempt to buy into the US defence and semiconductor sector through the acquisition of Harris. The field has been well-trawled for candidates in recent years, the Pentagon appears to have become suspicious of foreign bids, and prices are high.

While the dramatic turn of events yesterday temporarily put into the shade the prospects of the new joint venture company in telecommunications equipment, the deal fits into a pattern which has emerged in the world industry during the past couple of years of equipment manufacturers getting together to spread the spiralling burden of development costs.

Plessey has been assiduous in courting telecoms joint ventures. This year alone it has formed a joint company, Orbitel, with Racal in cellular equipment; it has tied up a deal on marketing private exchanges with Italtel of Italy; and it is due to announce a joint venture with US Sprint on data networks next week.

Mr Reynolds yesterday held out the hope that the joint venture would lead to more effective development work: "There are areas where we are both working hard, but where we are both under-resourced individually. We can now get the thing done twice as quickly."

High on the agenda for the joint venture will be a drive to increase sales overseas. The two companies combined will so dominate the UK telecommunications equipment market that they will have little scope to boost their market share in Britain, now one of the most open in the world thanks to telecommunications liberalisation. Indeed, MZA, a specialist market research consultancy, predicts that sales by both companies of PABXs (private exchanges) and key systems in the UK will be down this year.

Both companies rely on the British market for upwards of 70 per cent of their sales. Other than Stromberg-Carlson, Plessey's Florida-based exchange manufacturer, their overseas successes in telecommunications equipment have tended to be in traditionally British markets, such as Commonwealth countries.

Mr Reynolds said yesterday that one of the joint venture's main priorities will be to build on Stromberg's success in the US. He suggested that the new company's thrust in North America will probably be in networking products, such as transmission, rather than in private exchanges.

Continental Europe will also be a prime target for the new venture. Plessey has been trying to increase its presence there through deals such as that with Italtel. GEC says it has made a number of breakthrough orders with Continental telecoms administrations in the past few months.

Perhaps the key unresolved question, however, is whether the merging of the two telecoms businesses will help boost sales of System X abroad. While the merger will clearly end the confusion which the companies' separate interest in System X caused to potential foreign customers, many of the largest telecoms administrations in the world have already plumped for rivals to GEC and Plessey for their new generation of digital exchanges.

The increased stress on sales abroad will clearly raise costs for the joint venture, but this should be more than offset by rationalisation of manufacturing activities in the short term.

Lord Weinstock explained yesterday: "We shall be reducing the costs of what we were doing and increasing the costs of what we want to do. I would not be surprised if we spend some of the savings on investing money in more export business."

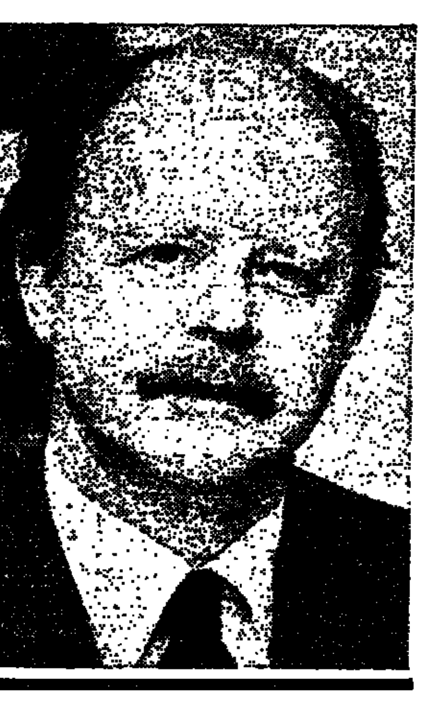
The big savings from the venture should come from eliminating their overlapping manufacturing interests. System X is manufactured at present by Plessey in Edge Lane, Liverpool and by GEC in Coventry and Fife. Some, however, believe the entire demand for System X could be met from Plessey's newly modernised Edge Lane plant.

While jobs will almost certainly go in the short term, Mr Reynolds described as a wild exaggeration the suggestion from one City analyst that as many as 7,000 of the two companies' 23,000 telecommunications jobs could be lost. He also said that the two companies would not necessarily want to rationalise their product range, arguing that for example there was sense in continuing with the two large PABXes at present separately made by the two companies.

This will be one of the many things to be sorted out between GEC and Plessey in negotiations over the next few months.

Maggie Urry talks to **Garry Weston, chairman of Associated British Foods**

A lump of sugar for the baker's man



"GARRY is a very, very patient man," says one who knows Garry Weston. His patience has finally come to an end. On Thursday, he launched his first takeover bid since taking charge in 1967 of Associated British Foods, the company his father built almost entirely through acquisition.

The £767m offer for S & W Berisford, which includes the British Sugar beet processing and refining business as well as commodity trading, property investment and financial services was quickly rebuffed, and battle commenced.

Under Garry Weston's control ABF has been a staunch believer in growth through internally financed investment. The success of that policy is measured in a market value of £1.7bn and profits in its last financial year of £191m. Yet ABF, the UK's biggest bread baker under the Sunblest name, as well as the owner of Twinings Tea, has not of late been one of the stock market's favourites.

For ABF has been almost too successful in building up a cash pile of £1bn—partly through cashflow but also by sales of subsidiaries. The cash makes a far lower return than the rest of the business. Mr Weston admits that had not 63 per cent of the shares been held by family controlled companies and trusts, he might have been forced to spend the money earlier. And he confesses to have looked at many possibilities ("I nearly bid for Pearson two and a half years ago").

As he told shareholders at the annual meeting in 1985, the 50th anniversary of its flotation, "ABF, as befits a shareholder-controlled company, is not about short-term excitement but about long-term growth." He had already reminded them that a £100 investment in 1935 would have yielded dividends of £13,500 and be worth just under £40,000.

That family control of the business, the carefulness with which the money has been accumulatd and kept and the fact that Garry Weston is not the out-going, socialising type has built up an image of secrecy and meanness. "He will only pay 50p for a pound's worth of business," says one food analyst. "He is a caring man but that does not necessarily extend to his employees," suggests another.

He is credited with having sorted out the UK bread baking industry in the 1970s, a bitter fight which ended only when Spillers pulled out. ABF picked up some of the Spillers bakeries. Rivals in the business world call him "tough, but straight." Yet most agree that he is generous, amiable, perhaps shy, and one broker adds: "The nicest chairman I have to deal with." Even the deputy chairman of Berisford, Henry Lewis, a former Marks and Spencer man who knew Garry Weston as a supplier, diplomatically describes him as "a very nice man."

His office is not, contrary to reports, one of a mean man. Overlooking Hyde Park, he has room to pace around in comfort if not splendour and surround himself with his latest products, be it a new range of Ryvita cereals or plastic cans from the canning subsidiary. Nor, though he does not like to talk about it, can his personal wealth be anything like the £1bn it is sometimes supposed to be. Although both ABF and the Canadian group George Weston, run by Garry Weston's younger brother Galen, are controlled by the family the shares are largely held by charitable foundations in which they have no beneficial interest.

Making money seems to be a talent passed down through the generations. Garry's grandfather, George Weston, set up in business in 1898 delivering bread from a horse and cart in Toronto. He sold out in 1911 for C$1m and started again making biscuits. George's son, Garfield Weston, when on leave from France in the First World War, visited biscuit factories in he UK, and decided to return and beat the competition.

By all accounts Garfield Weston had a powerful personality. In his words, he "set out to build a business that would never know completion" and there followed a frenzied buying spree as first bakeries were bought up, and later mills and supermarkets. He also fathered nine children.

"He had enormous powers of attraction and motivation," his son says. Part of which seems to have been a propensity to sack people. "He was always firing people. It was because of that that I got my first job. I was passing his office one day and a man came out who had just been fired. My father followed him, saw me there and gave me his job. That's how I became managing director of Ryvita at the age of 23. But he would have given the job to anyone who was passing. I had to go to Australia to get away from him," he says only half in jest.

By the time Garry Weston took over as chairman in 1967 ABF was a sprawl of businesses making profits of £12m. "My father's legacy was the companies he had bought. But the earnings were not covering the dividends." The policy of growth by acquisition ceased. "My first job was to define the objectives of the business and conserve the company's cash. In the early stages that meant a lot of sell-offs and closures.

"The philosophy was maintained of an independent family-controlled business. So the issuing of equity was not a path we could follow. We had to generate our own cashflow."

Tight cash control was essential, he says, "when we are selling 10 loaves to make a penny." And he is proud of the businesses which have been built from scratch. "From a standing start eight years ago we are now the biggest supplier of ice cream to the supermarket trade and that is not done through sitting on one's backside counting the cash."

So why is he now changing the habits of his business lifetime and splashing out? Not only is he conscious of criticisms in the press that ABF is a "dull investment," he is keen to reinvest the surplus cash in businesses which he understands—as he believes he does British Sugar. "We have produced a profit through being a tight organisation running a tight business with very small margins. We don't consider ourselves experts at unearthing undervalued assets. We are better judges of how companies are run."

Getting there—but slowly

Kevin Brown examines the problems facing BR's beleaguered Network SouthEast

BRITISH Rail's Network SouthEast commuter operation carries 420,000 rush hour passengers in and out of London every day, and most of them think the service is rotten.

Anyone who thinks this is an exaggeration should take a look at the evidence published in annex 14.3 of the Monopolies and Mergers Commission's report on the network, which was released earlier this week.

Only one of the lengthy list of passengers' associations consulted by the Commission had a good word to say for the service, and most were highly uncomplimentary.

The transport users' consultative committee for eastern England, *for instance*, said NSE was unimaginative and ineffectual, because of a combination of poor management with insufficient monitoring and flexibility.

The London Regional Passengers' Committee, in a backhanded compliment, said NSE had introduced a number of "cosmetic improvements," but complained of chronic underinvestment and a serious deterioration in the performance of rolling stock.

Almost everybody complained that there were too many cancelled trains, too many late trains, and too many passengers forced to stand for far too long.

The Commission's report indicates, however, that things may *not* be *quite as bad* as they seem. There is plenty of evidence that the service is inadequate, but, with one major exception, it is at least improving, albeit from fairly low levels.

For instance, the number of trains arriving within five minutes of their scheduled time has increased from 84 per cent in 1979 to 91 per cent, and the number of trains cancelled is down from 4.9 per cent to 1.6 per cent.

So why all the criticism? The short answer is that there is a credibility gap between the figures produced by BR and the everyday experience of thousands of passengers.

This is partly because the corporation's figures are averages for the whole network across 24 hours a day, and this *disguises wide variations* in the level of service.

For instance, the improvement in timekeeping for peak period trains, when most people travel, and when they are at their most sensitive to delays, is a much less impressive three percentage points to 84 per cent.

On top of this, there is a worsening problem of overcrowding. This has resulted from an 11 per cent cut in the rolling stock fleet since 1980, a period over which the number of peak hour passengers has risen by 2 per cent.

It has to be said, in BR's defence, that the increase in demand has occurred entirely since 1985, following a steady *fall* in the early 1980s. It *should* also be pointed out, however, that the corporation's planners failed to *foresee* the increase despite widespread predictions in the City.

The results have been unpleasant. Network SouthEast makes no attempt to seat all its passengers—it plans services on the basis of up to 35 passengers standing at peak times in sliding door trains, and 10 in the older slamming-door stock. But even these limits were exceeded last year by 4.2 per cent, compared with 3.2 per cent in 1982.

The Government is fond of expressing its approval for BR investment projects, and claiming that the railway is in the process of a huge re-equipment programme.

Mr Paul Channon, the Trans*port Secretary, said this week* that this was comparable to the switch from steam power to diesel in the 1950s.

Network SouthEast itself points to its £383m rolling stock acquisition programme, which will bring hundreds of new trains into use over the next five years, as an example of what is being done to put things right.

The reality, however, is that investment has been on a downward curve for the last seven years, and all the projects currently approved by the Government, plus those being prepared by BR, will serve only to restore the *status quo ante*.

The Monopolies Commission report makes clear that the system is operating close to capacity in many areas, and requires big investment in new junctions, line flyovers, and longer platforms if there is to be any hope of a long-term improvement.

This bleak outlook presents a stark contrast with the efficient public transport systems of most Continental cities.

BR's own figures show that in Paris, for instance, an average of only 2.4 per cent of trains are cancelled or delayed for more than five minutes. The system is also much cheaper — passengers pay the equivalent of only 1.79p per passenger kilometre, compared with 4.65p on NSE.

The reason is simple: average investment by SNCF is more than three times the level of investment on NSE—3.26p per train kilometre, compared with 0.96p. The cost is borne by national and local government, together with employers, through a payroll tax.

Where Network SouthEast has undertaken a similar level of investment, there have been *spectacular results*. For instance, the single commuters' committee which could find no criticisms of the network was that which represents passengers served by the St Pancras/Moorgate to Bedford line, where BR has spent £156m on electrification, new trains, track and signalling, effectively creating a new railway.

This project has generated a 40 per cent increase in traffic, and brought about a sharp improvement in quality of service—the Bedford line was the only NSE service to meet all its punctuality targets last year.

There are other benefits too—less traffic on congested roads, time savings to passengers and so on. But these are not returns to the railway, and although BR is still working on the figures, the project is thought unlikely to achieve an adequate commercial return on capital.

The story of the Bedford line illustrates the central dilemma facing British Rail, and the Government, which sets the tone for investment, and provides much of the money.

The dilemma is that it is possible to provide London's commuting population with a punctual, reliable and comfortable service, but only at the cost of huge investment, financed by the taxpayer and which may not be commercially justified.

But this runs counter to both Government policy, which is to cut subsidies, and to the "commercial culture" encouraged by Sir Robert Reid, the chairman of the British Railways Board, who wants the system to pay its way.

The message of the Monopolies *Commission* report is that London's railways are getting slowly better, but that the signals ahead are set at amber, at best.

Man in the News: Sitiveni Rabuka

Soldier with an indecisive streak

By Chris Sherwell

THERE IS a well known story going around Fiji's capital Suva which says much about Sitiveni Rabuka, the burly 38-year-old colonel who this week followed up his second bloodless military coup in five months by *tearing up the country's* constitution and sacking the governor-general.

A couple of years ago, while he was commanding Fiji's peacekeeping force in Lebanon, an officer from Col Rabuka's home district sought compassionate leave to attend a funeral.

At the time all leave was banned. Col Rabuka disobeyed orders and let the man go. A furious army commander brought him home and would have had him tried by court-martial but for the intervention of the governor-general, *Col Rabuka's own* paramount chief.

The story reveals someone with a strong streak of human decency, but it also shows an army man worryingly vulnerable to pressure. And while it underscores the importance of traditional ties in Fiji, it also exposes the complexities of the key relationships in the drama now being acted out in Fiji.

Sitiveni Rabuka has become both folk-hero and unworthy villain since bursting into parliament with a gang of armed *soldiers last April and kidnap*ping members of the newly-elected Fiji government. Fijian girls wear T-shirts bearing "Steve Rabuka" emblems. Critics call him "Rambo" for his recklessness.

From his early days in the *cadet corps* at the *elite* Queen Victoria school he showed an inclination for military life and for leadership, becoming head boy. A "quiet hard-working slogger" rather than an intellectual giant, he surprised no one when he enrolled as an officer cadet on leaving school.

Life from here was not all army. Col Rabuka represented the country at rugby and athletics. He loves to play golf, and even this week had been on the links, apparently unworried by the crisis he has precipitated.

He became known for his discipline and his ambition. A charismatic figure, he is said to be well liked by his men and clever at appealing to traditional values.

In 1974 he served for some months as a company officer *with the Gurkhas in* Hong Kong, and in the late 1970s attended an army staff college in Wellington, New Zealand. Contrary to widespread belief, at no point has he received training at Britain's Sandhurst.

His formative military experience, as for many of his colleagues, was in Lebanon, where Fijian troops serve with the multinational Unifil force.

In 1981 as commander of the 1st Battalion Fiji Infantry Regiment, he received a Fijian OBE from the Queen.

The citation praised the initiative he brought to the problem of dealing with activities of the Palestine Liberation Organisation. Specifically it said: "His unique and very personal approach to command includes deep reliance on the Christian religion as a basis for the maintenance of discipline and morale."

Those who have met Col Rabuka are invariably struck by his innate decency and palpable sincerity, and usually attribute this to the fact that he is a devout, God-fearing man. But his Methodism simply adds yet another dimension to his character and to his politics. For apart from the army and traditional ties of kinship and clanship, Col Rabuka is clearly influenced powerfully by the fundamentalist Taukei movement, which stands ready to use violence.

He protested strongly this week: "I am not a racist. What I have done is not antagonistic against the Indian people. It is merely to ensure the birthright of the Fijian people."

Their history, he says, can be traced back 3,000 years. Yet because of uncontrolled Indian *immigration they became out*numbered in their own land within 100 years. To prevent violence, he argues, he must amend the constitution. In fact, the main violence has come from those who could not accept the victory of an Indian - dominated government *in last April's election* — and the army chose not to quell it.

Since May, Col Rabuka has doubled the size of the army and ordered more weapons from abroad. He has also ordered a hefty pay cut to help stabilise the government's finances.

Like many newly-installed military rulers, he has insisted several times that he is acting in the interests of national security and of the nation's people. Likewise he has promised to return the country to civilian rule.

"I am not after power," he says. "I am not out for glory." Asked why people should not see him as an African-style military dictator, he replies: "I don't think I'm the type of military coup leader that we have around the world. I don't want to be compared with them."

For Fijians, the bigger question is how he justifies overthrowing the governor-general, Ratu Sir Penai Ganilau, his own paramount chief—a relationship thought likely to restrain him. Col Rabuka tries to distinguish the institution from the incumbent, saying he is "getting rid of the appointment rather than the person." Even now he hopes Ratu Ganilau will accept the job of president in his new republic.

Any anxieties he has about defying the Queen seem to run much less deep. He admits he is concerned, but *suggests she* is under pressure from other Commonwealth countries. This could be his Achilles' heel in building popular support, but that remains to be seen.

Few people doubt that his single greatest political achievement has been to raise the level of understanding at home and abroad of ethnic Fijian grievances. "I have revived Fijian tradition," he says.

But the cost is colossal: two coups and a virtual revolution which have provoked deep anguish and undermined the *country's fragile stability, its* buoyant economy and its cherished foreign ties.

Col Rabuka seems philosophical about this. "To make an omelette you have to break an egg," he says. If there is economic damage "we'll bounce back." If other countries break off relations "so be it." In his view, "when the Fijian feels secure, everyone will feel secure."

Letters to the Editor

Future pension capitalists

From the Chairman, Richards, Longstaff

Sir,—Bringing life to the dark subject of pensions is one *of Philip Chappell's (September* 30) great achievements. But pensions, like society which requires them, are not as simple as his letter may suggest. For unsophisticated societies grandchildren were the pension providers; we have progressed to deferred pay, in the broadest sense of the concept, for this purpose. Even the Government is ducking out of unfunded pensions reliant on generations of future tax payers, and not before time.

If earnings are deferred surely it is equitable that taxation on them is also deferred? How could it be justified for an individual to put money aside each year out of taxed income into a trust fund for his pension, and be taxed on it a second time when (or if) he or she reaches retirement, unless this country wishes to see that *its elderly generation is* one of the poorest in the world! Such an argument assumes, presumably, that an employer's contribution to any pension scheme is to be made out of the company's profits after tax. No, for the time being surely society, and the Government is elected by society, accepts *that taxation is* deferred on earnings specially deferred for pension purposes.

Philip Chappell uses as an argument against this tax "privilege" the fact that National Insurance contributions do not qualify for tax relief. NI contributions are direct taxation, in practice paying for the Government's current expenditure. Where Philip Chappell has a point is that NI contributions and the contributions for the state earnings related pension scheme should never have been lumped together, and *probably only* were for convenience purposes.

But there are much deeper points raised in the correspondence than these fiscal arguments. Patrick Carroll (September 28) questions the extensive use of equities as *justifiable pension* fund investments. The task given to all pension fund managers, I hope, is to achieve long-term consistent growth *so* that appreciation on the fund can exceed rises in earnings. It is a long time since an investment other than equities was more closely allied to growth of personal earnings and it may be a long time before a more suitable medium is available.

If society now accepts that to invest in UK Limited is good for UK Limited, most of us will wish to see that our income in retirement is so linked. The earlier we put our contributions into this success story the more we can achieve. But how is this message got to a young girl of 20 working in the factory deafened by the beat of Radio 1? One per cent may do something, but what about the other 99 per cent? Do we pass them by? Of course they do not want a nanny, but they do want *responsible employers, respons*ible unions and a responsible forward looking pension industry. There must be simple and fair schemes for them. They should be encouraged to belong, and they must be assured that they are getting good value for their money. If all start on the right track some may graduate to Philip Chappell's all singing all dancing personal pension plan holders, the pillars of a wealth owning society. The others will still have a personal and a golden nest egg, and 40 years in which to achieve a nest full.

W. J. M. Greener,
97 Tooley St SE1

Entitlement issues

From the Managing Director, Seymour Pierce Butterfield

Sir,—Your columns have been filled with comments on the problems of the Stock Exchange settlement backlog. I am writing to draw attention to an equally difficult area, which is rapidly growing, that of entitlement issues.

Stockbrokers and other financial intermediaries are, on an unacceptably short timescale, having to cover both bought and sold positions which in the event of market movement can be very expensive indeed to unwind, i.e., if the beneficiary decides not to take up the issue, the protecting broker is left with an open position on this book.

Financial innovation is frequently to the benefit of the few and the detriment of the many.

D. Greenwood,
10, Old Jewry, EC2.

First time investor

From Mr J Clarke.

Sir,—Mr Gumbrecht (Sept 28) doesn't seem to have prepared himself properly for his pilot scheme. If he had read all that he could about investing for say two years he might have gained his experience more fruitfully.

Price quoted in the back pages of the FT are neither the top *nor* the bottom of the day and the buying price is, alas, always higher than the selling price.

If, however, he thinks that he is going to cover his buying and selling in 5 weeks and still show a good profit he is being perhaps a shade optimistic.

Using a bank is ridiculous as it merely inserts an additional link in the administrative *chain*. I *suggest* he makes friends with a stockbroker. Mine is very amenable and may do 15 transactions at a time (all minimum commission) but the time is quoted on all the contract notes. After all, using a bank the poor broker never sees the whole of his commission.

I cannot believe that Mr G. is as naive as he says otherwise he would not be running his small business profitably.

John Clarke,
Villa de l'Alzelli,
Ocana par
20117 Cauro,
France.

Reversal from tradition

From Mr G. Black,

Sir,—For many years, I have lectured in accountancy to banking students. It came as a shock, therefore, to find that the TSB has decided to print the "credit side" on the left of its "ministatements" available from its cash dispensers, with the debit side printed on the right.

Have I been teaching the *wrong thing all these years,* or is the reason for TSB's reversal from tradition that its accountants' windows are on the opposite wall from everybody else's?

G. H. Black,
(Head of Accounting Section, Department of Management and Business Studies),
Cambridgeshire College of Arts and Technology,
East Road,
Cambridge.

The Japan problem

From Mr R. Moreland

Sir,—Martin Wolf's refusal to accept the existence of a "Japan problem" in international trade (September 24) is almost as breathtaking as his assertion that "in a multi-lateral economy, concern over bilateral imbalances makes no sense." The Conservative Political Centre pamphlet which he purports to review effectively answers all the points he puts up in criticism of widespread concern about Japan's $101bn trade surplus. As such, it deserves better treatment from an intelligent free-trade newspaper than disdainful dismissal as "hysteria." In any case, quite how Mr Wolf can claim that the Moorhouse-Teasdale view "is shared by most of the policymakers in the EC and the US" who deal with Japan, and at the same time that it is hysterical, is left unclear. Their position can hardly be at once both mainstream and peripheral, as Mr Wolf seems to imply.

Even a cursory reading of the pamphlet reveals that its central conclusions are, as its authors say, "grounded in the principles of open trade," since their concern is precisely that, unless checked, the Japanese surpluses will result in a progressive erosion of confidence in the trading system as a *whole*, and that eventually the system will collapse. Free trade was not invented in a vacuum: it became a powerful force because it seemed to serve the economic vested interests of the world's most important economies. If it no longer meets these needs, it is likely to wither away.

More precisely, the argument runs, if the structural maladjustment of Japan into the world economy is not corrected (and as Japan becomes a more potent force so that maladjustment becomes more problematic), then Japan's major partners will simply conclude that basic free-trade principles no longer suit the interests of their workers or voters. A situation where so many of the advantages of free trade appear to accumulate to the benefit of one partner is dangerous. It risks a protectionist chain-reaction in the US and Europe which will indiscriminately bring the entire edifice of trade relations tumbling down. It is to avoid this calamity that the Japan problem must be solved on a bilateral basis now. Japan must co-operate with concessions to save the very system which in recent years has served it so phenomenally well. This is the fundamental point which Mr Wolf fails to grasp.

Robert J. Moreland,
3, The Firs,
Heathville Road, Gloucester.

Electric toasters

From Mr R. Evans

Sir,—The article *by Peter* Marsh (September 28) on the fortunes of a leading domestic appliance manufacturer, reports that Swan Housewares' engineering director, John Sparks, is introducing a special feature in its new toaster permitting inspection of the bread during toasting without the heating element being switched off.

I should like to comment that my Morphy Richards toaster, which has been in constant use for 31 years, already had this feature in 1956.

There is nothing new in this world, is there?

Richard W. Evans,
The Squirrels, Harmer Dell,
Harmer Green Lane,
Welwyn, Herts.

UK COMPANY NEWS

David Lascelles on the mutual benefits in TSB's offer for Hill Samuel

Birth of a financial supermarket

YESTERDAY'S takeover offer by the TSB marks a surprise twist in the long saga of Hill Samuel. If it succeeds it will lead to the creation of one of the most unusual and widely diversified groups on the UK financial scene. But the challenge for management at the TSB's headquarters in Milk Street in the City will be to make it work.

On one side, this new conglomerate will have the TSB's huge customer base in Britain's *banking and savings market* with its solid traditions of thrift and self-help. In socio-economic terms, these 7m customers belong to groups B,C and D, and geographically, the majority of them are in northern England and Scotland.

Linked to this, the TSB also offers a wide range of financial services including life insurance, credit cards (under the Trustcard brand name), unit trusts and finance house services (under the name United Dominions Trust, or UDT). Through Swan National, it is even in the vehicle rental and distribution business.

The TSB has a budding company lending business, but it deals mostly with small and medium-sized companies rather than the corporate giants, and the services it offers are not specially sophisticated.

Hill Samuel, on the other hand, has one of the City's best and longest company client

David Davies, chief executive of Hill Samuel

lists, and is able to offer highly sophisticated corporate finance services and advice. Although it lends money like any other bank, it specialises in particular activities like trade finance, property lending and management buy-outs. It is also active in the money and foreign exchange markets.

Outside banking, Hill Samuel has one of the widest range of interests among the City's top merchant banks. It offers personal finance and investment services to wealthy individuals, and has a subsidiary specialising in employee benefits, Noble Lowndes. Shipping and insurance broking are also on the

COMPARATIVE FIGURES

	TSB	Hill Samuel
Pre-tax profits(£m)	205.6	£1.7
Assets(£m)	14300	2900
Total capital(£m)	1540	335
Employees	29,936	5,212

list.

On the face of it, the combination of the TSB and Hill Samuel does look a good fit. Where TSB is strong in mass services to the middle and lower ends of the banking market, Hill Samuel is specialist and upmarket. Geographically, TSB is strong in the North, and Hill Samuel in the South. The TSB has the capital strength to lend extra muscle to Hill Samuel, while Hill Samuel has high-grade financial expertise and know-how to add to the TSB's wares.

Few other UK institutions quite match this range. The two which come closest are the Midland Bank and the Royal Bank of Scotland, both of which have bought merchant banks in recent years (respectively Samuel Montagu and Charterhouse Japhet), and can lay some claim to *combining the best of clearing* and merchant banking. But TSB-Hill Samuel, with its interests extending way beyond finance into activities like shipping and car rental, will exceed them both.

But this may not be automatically a recipe for success.

Despite all the talk of financial supermarkets, many experts are still dubious about the benefits of putting a string of businesses together under one roof, in the hopes that they will all gain from synergy. The evidence is certainly mixed. Midland Bank's purchase of Samuel Montagu has not lifted it out of the middle ranks and transformed it into a top flight merchant bank. The Royal's purchase of Charterhouse two years ago has had a more visible impact: Charterhouse is beginning to make a bigger mark now that it operates from the security of a big group.

Much will depend on whether the TSB and Hill Samuel manage to hammer out a working relationship which preserves the free spirit of merchant banking in the context of a huge clearing bank. For the TSB, barely more than a year old as a listed company, that will take some patience and understanding.

For Hill Samuel, the deal also marks a major sacrifice. At the time of its unsuccessful merger talks with the Union Bank of Switzerland in July, it had clearly set its sights on becom*ing a force in the international* investment banking business. Those ambitions have now been squelched because the TSB is not international-minded, and anyway wants to sell off Hill Samuel's investment banking business. Those sights have now been lowered.

TSB acts quickly after Barclays deadlock

SHORTLY before 10 o'clock on Thursday evening nearly three months of intermittent negotiations on the sale of parts of the Hill Samuel merchant bank to Barclays bank ended in deadlock over two issues which had been raised only a few hours before, writes Clive Wolman.

Mr Andrew Buxton, Barclays vice chairman, and Mr David Davies, appointed as Hill Samuel's chief executive six weeks ago, abruptly ended their meeting.

Mr Davies swiftly joined his colleagues who had been negotiating the sale of Hill Samuel to another bidder, the TSB banking group. Within an hour, the deal, by which TSB is making an agreed £777m cash offer for Hill Samuel was finalised.

At 11 o'clock, Mr John Hignett, of Lazard Brothers' merchant bank, which was advising the TSB, telephoned Australia to convey the news to Mr Kerry Packer, the financier and former media magnate who holds a 13 per cent stake in Hill Samuel. He promptly agreed to sell his shares to the TSB.

The late-night turn of events was a fitting end to three months of speculation about the future of Hill Samuel. The prospects of at least four potential purchasers have waxed and waned dramatically.

When the Union Bank of Switzerland decided in mid-August that it was no longer interested in buying Hill Samuel, after six weeks of talks, Mr Davies opened confidential discussions with other financial institutions which had made similar approaches.

The official discussions with Barclays, which had made its interest known when the UBS negotiations were announced, fizzled out as Barclays narrowed its interest to six Hill Samuel subsidiaries. They were continued unofficially by Mr Trevor Swete, Hill Samuel's head of corporate finance, and his deputy, Mr Christopher Roshier, who were sacked for their conduct.

In mid-September a formal approach was made by Saatchi &Saatchi, advertising agency, and turned down. Discussions with Barclays were revived although only over the sale of the corporate finance department which Sir Robert Clark, Hill Samuel chairman, yesterday described as the flagship of the group.

A price for was agreed but two issues led to a deadlock. Hill Samuel refused to agree not to set up from scratch a rival corporate finance department and Barclays refused to indemnify Hill Samuel for any claims made against the corporate finance department by clients.

The Barclays negotiators may have been perplexed by the importance accorded to these apparent technicalities by Hill Samuel. But they were aware that Hill Samuel was also negotiating with another party.

Nine days ago the Hill Samuel board started intensive negotiations with TSB. At the time of its flotation last September, TSB said its ambition was to use its £1.3bn. cash pile to build up a presence in such areas as insurance broking, in which Hill Samuel has a strong presence through Lowndes Lambert, but not in investment banking or corporate finance.

Now however Sir John Read, TSB chairman, said that it would like to buy the corporate finance department as well, if the negotiations with Barclays failed. The department was more suited to the TSB's retail and small company activities than the corporate finance departments of other merchant banks because most of its clients were small and medium-sized companies.

The only part of Hill Samuel in which TSB was not interested was Wood Mackenzie, Scottish-based securities firm, acquired for £20m in 1986 as part of the Big Bang upheavals in the securities markets.

Mr Davies said that he had already been approached by several potential purchasers

Cramer and Clowes win control of Buckley's

By Clay Harris

The Whitbread brewing interests yesterday enabled Mr Guy Cramer and Mr Peter Clowes narrowly to win control of Buckley's Brewery, the South Wales brewer, with a £29.2m cash offer.

The bidders declared the offer wholly unconditional after winning enough acceptances to raise their interest to 52.2 per cent of the Llanelli-based company which has seen a procession of large shareholders in recent years.

After the announcement, Buckley's shares jumped 38p to 239p, compared with the 192p offer price, which was recommended by the target company's board. Mr Clowes and Mr Cramer intend to retain the share listing of Buckley's, which now has a market capitalisation of more than £36m.

Whitbread has retained just over 10 per cent of Buckley's but accepted the offer on behalf of the rest of the 27½ per cent stake held by the brewing group and the associated investment company.

Whitbread, a long-time shareholder, and Buckley's have agreed to continue their trading links. Mr Colin Thomas will remain as managing director of Buckley's and Sir Alun Talfan Davies is to be named non-executive chairman.

Tunstall buys into Sound Diffusion

Tunstall Group, the company responsible for the *Lifeline* emergency service for the elderly, is offering a helping hand to Sound Diffusion, the electrical equipment group.

Tunstall has acquired 4.96 per cent of the company at a cost of £4.5m and it is seeking discussions with Sound Diffusion's board with a view to an agreed merger between the two companies. The announcement caused Sound Diffusion's shares to jump 13p to 66p.

On Thursday, Sound Diffusion revealed that after disagreements with its auditors, its 1986 profits were £4m lower than previously estimated. The news caused Throgmorton Trust, a shareholder with 8.5 per cent, to call for the resignation of Mr Paul Stoner, the chairman and managing director.

St Ives acquisition of Burrups for £45m

BY CLAY HARRIS

Burrups, the security printer which is typesetting and producing the prospectus for British Petroleum's share offer, was sold for £45.1m yesterday to St Ives Group, the *fast*-growing magazine and book printer.

St Ives also announced pre-tax profits of £13.8m for the year to July 31, a 41 per cent increase on the restated £9.8m figure for 1985-86. It launched a two-for-nine rights issue at 850p to raise £50.3m to pay for Burrups and related costs.

Burrups, Europe's largest security printer, was sold by United Newspapers, the newspaper and magazine publisher, which acquired it as part of Extel Group in June.

For large contracts such as privatisation prospectuses, Burrups has had to sub-contract most of the actual printing. By joining St Ives, one of Britain's largest owners of web-offset presses, it will be able to produce even the longest print runs in-house.

St Ives won Burrups when a management buy-out effort fell short with an offer of less than £40m. Other initial contenders included Mr Robert Maxwell's British Printing and Communication Corporation and R.R. Donnelley, the largest US commercial printer.

Donnelley is believed to have been the front-runner at one point but pulled out for reasons unrelated to price or the Burrups business.

Mr Robert Gavron, St Ives chairman, claimed yesterday that United had been seeking £65m for Burrups. Mr Graham Wilson, the publisher's finance director, said that the initial asking price was under £60m, but he conceded there were no offers at that price.

Mr Peter Rooke, Burrups chairman, who led the unsuccessful buy-out effort is to join the St Ives board. He welcomed the takeover, which he said would provide the company with the resources to expand more rapidly than the heavily borrowed buy-out would have permitted.

Burrups is also a leading printer of inserts and direct-mail material, an area which Mr Gavron said would fit in well with St Ives' extensive magazine-printing interests.

Following its usual practice, St Ives has merger accounted the acquisition of Riverside Press, a magazine printer. On the same basis, sales increased by 18 per cent to £96.1m (£81.5m).

St Ives increased margins at the pre-tax level from 12 per cent to 14.3 per cent, compared with Burrups' 7.6 per cent in the year to March 31 when it achieved pre-tax profits of £4.14m on turnover of £53.8m.

An abnormally low tax charge of 32 per cent reflected one-time relief based on an overseas subsidiary's losses in previous years. St Ives reported an extraordinary credit of £787,000 following settlement of an insurance claim for the fire that destroyed its *Plymouth plant*.

Fully diluted earnings per share rose to 30.8p (20.6p), and the final dividend is 4p (3p adjusted for a one-for-one scrip) to make a total of 5.75p (4.5p adjusted). With the share price rising 70p to 1045p, St Ives plans a two-for-one scrip after the rights issue is completed.

●comment

Americans are buying fewer bibles from St Ives, but USevangelist-cum-presidential candidate Pat Robertson need not read more into that than the weakness of the dollar. Robert Gavron had to stretch to find even that titbit to temper raging enthusiasm over the Burrups deal and the results. With St Ives reaching the limit of Monopolies-acceptable purchasesin UK printing, its attention will turn in a big way to packaging, where the carrier-bag acquisition from Coloroll set the pace. In a few years, packaging alone is intended to be as big as all of St Ives is now. St Ives should build on new contracts from Penguin and Pan, make productive use of the new Plymouth presses and improve margins at Burrups . The prospective p/e exceeds 24, conservatively assuming £21.5m pre-tax in the current year. The enthusiasm which pushed the shares up by more than 7 per cent, despite the rights issue, is justified.

British Gas revises Bow bid

BY LUCY KELLAWAY

British Gas yesterday announced that it was "restructuring" the terms of its £600m offer for a controlling stake in Bow Valley Industries, the Canadian independent oil company. The announcement follows opposition by many of Bow Valley's institutional shareholders, which had argued that British Gas was not offering a high enough premium for control of the company.

Bow Valley shares were suspended earlier this week at about $19 (£9) a share pending an annoucement. However, British Gas indicated yesterday that an agreement was some way off, with "a number of substantive issues" still to be resolved.

Proposals under discussion differ in two ways from the original plans. British Gas now intends to buy 51 per cent of the shares outright, rather than having the option to stagger the purchase over the next three years. Under the initial deal British Gas intended to buy 29m new shares - amounting to about one-third of the company - at $20 a share, with the option of increasing its stake to 51 per cent over the next three years at a price of $24 a share. Under the present plan, it would pay the same price for control, although would undertake all purchases at once.

Under the revised deal, British Gas, and the company's other shareholders would each receive warrants to buy 20m shares in the company at a price of $20. Half of the options would be exercisable by 1990, and the other half before 1992.

The proposed acquisition is the first made by British Gas since it was privatised in November. The company said that it did not intend to make futher comment until discussions were complete. However, this would depend on the approval of shareholders and of Investment Canada.

Gresham nav rises 44%

Over the first six months of 1987 the net asset value of Gresham House has risen by 44 per cent to £9.01 per 25p ordinary.

Total income for the period was £1.35m (£1.18m) and interest and expenses amounted to £1m (£905,000) leaving pre-tax profits at £347,000 (£275,000) .Tax charged was £86,000 leaving earnings per share of 5.2p (5.1p) for the 2.5p (2.425p) interim payment.

The directors said the company was continuing to seek out new investments and has backed a management buy-out of a kitchen manufacturer which it is hoped would be brought to the third market at the end of the year.

Stylo loss almost doubles

BY CLAY HARRIS

PRE-TAX losses at **Stylo**, the Bradford-based shoe retailer, soared to £1.31m in the 26 weeks to August 1, nearly twice the £690,000 interim loss last year.

The company blamed the "extremely disappointing" result on higher operating costs and failure to achieve sales budgets, because of "appalling summer weather." It exceeded its capital expenditure target for the full year in the first half.

Although turnover increased to £26.4m (£24.4m), there was poor demand for men's shoes. Mr Michael Ziff, managing director, said yesterday that Stylo Barratt, the retail chain, has appointed a new buyer.

The pre-tax figure was also depressed by lower profits on property disposals, he said. Stylo's sales and profits traditionally are heavily weighted towards the second half, and it expects the pattern to continue this year.

The first-half loss per share rose to 6.46p (3.42p). Stylo pays only a final dividend. The 5p payment for 1986-87 was barely covered by earnings of 5.67p on pre-tax profits of £1.53m.

The results were announced late on Thursday after the market closed. Stylo shares yesterday added 7p to close at 343p.

New-look Adwest just ahead at £10.4m

Adwest, the Berkshire engineering company which has undergone large-scale reorganisation, produced year-end profits of £10.4m, slightly higher than last time's £10.1m, and expressed confidence for future growth.

The sale of Burmans and Steelfab, the closure of Laser and Bowden Espana and the reorganisation of Lacy-Hulbert would contribute to the group's profitability, said the directors.

Property income was set to grow and the level of orders for the group's manufacturing companies had increased, with most budgets indicating an improved year.

Turnover rose from £93.78m to £95.94m, with continuing operations at £88.62m (£72.64m) and discontinued operations at £7.32m (£21.14m). Profits on continuing operations rose from £10.02m to £11.02m, with discontinued operations falling from £41,000 profit into £606,000 loss.

Earnings per share before extraordinary items rose from 20.3p to 22.1p and after extraordinary items from 14.9p to 22.8p.

The recommended final dividend was 7.6p (6.83p), making a total of 9.4p for the year, a 10 per cent increase on last year's figure of 8.53p.

Tax took £3.34m (£3.56m) and minority interests *£150,000* (£174,000).

●Comment

The cynical view says all that really matters about Adwest is the investment it made just after the war in the big Reading aerodrome site at Woodley in Berkshire. It has developed about two thirds of the 230 acre site, partly with industrial properties for rent and partly with houses in a joint venture with Bryant, and has five years worth of land left. This division's £3.18m profit on turnover of £4.22m does rather make the contributions of the others seem paltry, especially the au*tomotive side's £1.91m* on £34.46m sales. However, it would not be fair to just dismiss the other sections. The IHW subsidiary has new management and a healthy order book making hinges for Jaguars and Rovers. The Spanish operation is doing quite well and the defence side is building up. Somehow the "but" remains though, what happens come five years? The shares closed unchanged at 327p yesterday. Assuming pre-tax profits this year of about £13m, that puts them on a prospective *p/e* of 12, reasonably cheap if one had a clearer idea of where the company was going.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Adwest ....fin	7.6	Nov 20	6.83	9.4	8.53
James Crean ‡ ....int	6	Feb 5	5.5	-	12.5
George Ingham ....int	1	Oct 13	0.75	-	2.25
Gresham Trust ....int	2.5	Nov 24	2.43	-	5.43
Murray Ventures ..fin	3.5	-	3*	5.25	4.25*
Randsworth Trust .fin	1	-	0.25	1	0.25
St Ives Group ....fin	4	-	3*	5.75	4.5*
Ulster TV ....fin	2	-	1.49*	3.7	2.7*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §Unquoted stock. ◊Third market. ‡ Irish pence.

High Gosforth Pk

High Gosforth Park, racehorse proprietor and estate owner, has agreed that the newly-formed Old Park Lane inject £1.36m into the company by subscribing for 38,797 ordinary shares of £1 each at a price of £35 per share. The proceeds are expected to amount to around £1.2m.

Following the subscription, Old Park Lane will own 29.9 per cent of the enlarged ordinary share capital of the company. The proceeds will help to develop the less profitable racing operations.

In the half-year ended June 30 High Gosforth Park reported reduced pre-tax profits of £4,491 compared with £17,683 for the same period last year on turnover marginally down from £336,630 to £334,775. Earnings per share were reduced from 13.8p to 3.6p.

Laing Properties

Laing Properties produced pre-tax profits up 17 per cent to £9.6m for the six months to June 30. Total income from investment and trading was £16.5m (£15.6m), with interest payments at £4.5m (£5.4m) and overheads at £2.4m (£2m). Earnings per share were a basic 12.7p (11p) and a fully diluted 11.6p (10.2p) after an expected 25 per cent tax charge. The interim dividend was raised from 3.5p to 4p.

Cowie purchase

T. Cowie, Sunderland-based motor distributor, has acquired Reliance Leasing for £3m in cash, to be adjusted up or down depending on its net asset value.

Reliance is a volume vehicle contract hire business which made pre-tax profits of £252,000 in the year to March. It will add 2,600 vehicles to the group's fleet in the sector.

Cowie last week announced a £45m rights issue and the £16m acquisition of the leasing division of Marley.

Scott's Restaurant

Scott's Restaurant plunged into the red with a pre-tax loss of *£972,014 for 1986, compared* with a profit of £349,760 in 1985, but directors recommended a same-again dividend of 3.3p.

Throgmorton Dual

Net asset value per capital share of the reorganised **Throgmorton Dual Trust**, investment trust, amounted to 937.99p at July 31 1987. Per income share the figure was 44.41p.

After tax of £468,000 (£194,000) revenue for the year totalled £1.23m (£460,000). Earnings rose to 6.47p (4.4p) and, as forecast, *the dividend total is being lifted* to 5p (4.25p) via a final of 3.5p.

Hanson ponders Endicott sale

BY MARTIN DICKSON

Hanson Trust, the industrial holding company, announced yesterday that it might be selling Endicott Johnson, its large US footwear company. Hanson said that following several approaches it would be pursuing discussions with interested buyers.

The group declined to say how much it might raise from a disposal, but Endicott had sales of $340m (£209m) in the year to September 1986. However, profits are believed to have been held back by the difficult market conditions facing the US footwear industry.

Endicott, which was acquired by Hanson in an agreed deal in 1981, has about 530 shops, mostly in the eastern and mid-western US. With its own manufacturing facilities and contracts with foreign and domestic suppliers, it has the capacity to produce about 10m pairs of shoes a year.

The US shoe industry is currently undergoing a restructuring and Hanson believes Endicott's important market position should ensure a high price for the business.

Sir Gordon White, head of Hanson's US operations, said that Endicott's management was fully aware of the discussions and would be taking part in any evaluation.

Ladbroke £19m hotel sale

BY DAVID CHURCHILL

Ladbroke,hotels and leisure interests group, has sold ten of its small hotels in Scotland and the North of England for £18.65m in cash.

The move to sell of some of the smaller hotels in the Ladbroke portfolio had been widely expected following its acquisition last month of the Hilton International hotel chain outside the US.

The ten hotels are being bought by the Stonefield Castle Hotel, a Scottish-based company controlled by Mr Peter Ross.Mr Ross was formerly managing director and major shareholder of Norscot Hotels which was sold to the Pleasurama *hotels and leisure group last* year.

Ladbroke plans to keep its luxury four-star hotels in Scotland and northern England as part of the development of its hotel business.

Norton Australian deal

By Dina Medland

Norton Opax, specialist printing and packaging group, has agreed to buy a 15 per cent stake in Eftech, a quoted Australian company formed in 1984 *to acquire the manufacturing* and marketing rights of the Eftpos electronic cash-payment system for Australia.

The Eftech stake is to cost Norton Opax A$750,000(£328,587) in cash. The company proposes to buy a further 4.9 per cent for about A$250,000, subject to the consent of the Australian Foreign Investment Review Board.

The acquisition represents the first serious move by Norton Opax to gain a foothold in the Australian market. Eftech is currently trading at a loss, but *Norton Opax plans to merge the* company with the Australian division of McCorquodale, the printing and publishing company, allowing scope for tax write-offs.

Mr Richard Hanwell, chief executive, said: "By combining our operations in Australia we will have a significant base from which to develop in the Pacific Basin."

Erskine £2m expansion

By Dina Medland

Erskine House Group, the acquisitive office equipment group, has bought West London Copiers & Supplies for an initial payment of £1.8m, to be satisfied by the placing on behalf of the vendors of 607,595 new shares at 300p per share.

A maximum payment of £2.22m, payable in two tranches, is dependent on the company's profit performance in the period to March 31, 1988.

The acquisition would "significantly enhance Erskine House Group's presence in London and the Home Counties", the company said.

West London Copiers oper*ates from premises in north* London and services a machine base of about 900 copiers. About 50 per cent of its turnover is derived from service revenue, with the remainder generated from equipment sales and leasing.

Pre-tax profit in the year to December 31, 1986 was £222,183 (after charging directors' remuneration of £161,730) on turnover of £1.3m. Net assets at July 31, 1987 were approximately £380,000.

Erskine House more than doubled the size of its office equipment business in the UK in the last year, achieving a pre-tax profit of £4.72m for the year-ended March 31, 70 per cent up on the £2.78m reported last time.

Kingston Oil & Gas

Kingston Oil & Gas, the Ohio-based oil and gas producer which is listed on the London exchange, is to acquire Cavendish Oil & Gas, also based in Ohio, from Cavendish Petroleum, for just over $4m (£2.47m).

Kingston is to pay £81,000 to discharge all debt to the vendor, and $1 for the issued share capital of Cavendish. It will also acquire, at a discount to be agreed, the company's £2.1m bank debt.

Kingston intends to raise £1.78m by issuing 1.76m new ordinary shares at 110p each. Existing shareholders will be invited to apply for these new shares on a 1-for-4 basis.

Kingston operates 503 oil and gas wells and is capitalised at £9.2m.

Berisford's broker

S & W Berisford, the sugar and commodity group facing a hostile takeover bid from Associated British Foods, yesterday appointed James Capel as its new stockbroker to replace Greenwell Montagu.

The change from Greenwell, where a retirement and defections robbed Berisford of the people which had handled its account, had been planned before the bid was launched on Thursday.

Bertrams Inv Tst

Following a sharp rise in the share price of **Bertrams Investment Trust** the board said it was aware that two major shareholders, with more than 50 per cent of the company's equity, had been approached by a third party.

However, the two shareholders had said that they had no intention of disposing of their holdings. The shares closed at 137p, up 29p.

Explaura dealings

Dealings started yesterday on the USM in the shares of **Explaura Holdings** , subject of an offer for sale by Henry Ansbacher and CGS at 32p each. The shares closed at 42p for a 10p premium.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§110	F.P.	18/9	121	98	Adscene	111	.....	L2.5	1.9	3.1	23.4
§130	F.P.	—	170	154	Alba 10p	170	+7	L3.8	2.2	3.1	17.4
221	F.P.	—	265	221	Alexander (W)	263	−2	4.25	2.9	2.2	21.5
175	F.P.	—	240	215	Anglo Leasing 10p	240	.....	L2.5	1.9	1.5	17.4
**	F.P.	—	27	21	Atlantic Assets Wrnts	26	−1	—	—	—	—
¶¶	F.P.	—	84	65	BHP Gold Mines A$0.25	79	.....	—	—	—	—
80	F.P.	—	108	85	*ChemEx. Intl.	88	.....	—	—	—	—
§50	F.P.	9/9	101	58	‡Corp. Estates Prop.5p	98	.....	L0.75	2.4	1.0	53.5
§106	F.P.	—	160	135	‡Dolphin Pack 5p	160	+5	L2.0	3.5	1.7	22.7
10	F.P.	11/12	13¼	10	EFM Dragon Trust 5p	13¼	.....	—	—	—	—
‖	F.P.	—	268	253	English & Caledonian Inv.	268	+3	—	—	—	—
32	F.P.	—	142½	132	‡Explaura 5p	142	.....	—	—	—	—
**	F.P.	—	67	62	First Spanish I.T. Wrnts.	62	.....	—	—	—	—
100	F.P.	—	107	98	G.T. Venture 50p.●	99	+1	—	—	—	—
‖	F.P.	—	135	92	‡Goldehouse Grp. 1p.	120	.....	—	—	—	46.1
‖	F.P.	—	110	70	Do. Warrants	100	.....	—	—	—	—
**	F.P.	—	23	22	Independent Inv. Wrnts	22	.....	—	—	—	—
121	F.P.	—	154	78	Ketson	135	.....	—	—	—	—
§100	F.P.	—	145	108	Kingston Oil & Gas 50p	128	−2	—	—	—	—
§15	F.P.	—	128	121	‡Marcol 5p	121	.....	L2.3	2.1	2.6	25.6
100†	F.P.	—	180	115	*Medirace 10p	180	+2	—	—	—	—
—	F.P.	—	98	55	Moorgate Inv. Warr.	90	.....	—	—	—	—
§100	F.P.	—	108	103	New Guernsey Securities	108	.....	—	—	—	—
§110	F.P.	4/8	281	185	‡Parkway 5p.	273	+3	R1.5	4.2	0.7	43.1
§10.58	F.P.	—	$21¼	$15	Portugal Fund $0.01	$19¾	.....	—	—	—	—
¶¶	F.P.	—	128	105	*Seacon Holdings	120	+2	—	—	—	18.2
—	F.P.	26/10	118	101	Singer & Fr'dlander 10p	113	+3	—	—	—	—
§60	F.P.	—	93	85	‡WSP Hldgs. 5p	88	.....	R1.4	3.0	2.2	20.7
‖	F.P.	—	166	143	Zetters Leisure 10p	161	.....	L1.5	3.7	1.3	29.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
100	F.P.	—	110p	105p	AGB Research 6.21 Cnv. Prf.	110p	+1
100	F.P.	—	101p	100p	Brit. & Comm. 4¾p.c.Cm. Red.Prf.	100p	.....
100p	F.P.	—	102p	97p	Chesterfield Props 5¼pc Cr. Cm. Prf.	100½p	.....
¶¶	F.P.	—	145p	130p	Merlin Intl. Cum. Red. Cnv. Prf.	131p	.....
—	F.P.	—	100¼	99⅝	N'wide Anglia 10⅞ pc. 12.9.88	100	.....
—	F.P.	—	100⅛	99½	Do. 10⅝ pc.26.9.88	99½	.....
§	Nil	—	9¼pm	6¼pm	Next 5¾% Cnv. 2003	7¼pm	.....
—	£25	11/11	25½	12¼	North Housing Assoc. 8¾% Gtd.Ln.2037	15¼	.....
—	F.P.	—	270p	200p	Do. Zero Corp. Ln. 2027	220p	.....
100p	F.P.	—	113p	110p	‡Randsworth Tst. 7% Conv. Cnv. Red. Prf.	111p	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
350	Nil	—	131pm	108pm	AB Elect	126pm	−1
30	Nil	6/11	103pm	83pm	Amal. Fin. Inv.	85pm	+2
100	Nil	—	209pm	158pm	Arley	203pm	+15
6	Nil	—	6pm	5pm	Ass. Brit. Eng.1p	5pm	.....
470	Nil	13/11	50pm	32pm	Bassater	50pm	.....
200	Nil	—	34pm	17pm	Bowthorpe 10p	34pm	.....
475	Nil	30/10	80pm	49pm	Brit. Vita	78pm	.....
¶¶	Nil	—	18pm	10pm	CDFC Units	13pm	.....
90	Nil	—	12pm	4pm	Christy Hunt 1p	12pm	+4
761	Nil	—	115pm	105pm	Collins (W.)	105pm	−3
637	Nil	—	75pm	26pm	Do A N/V	26pm	−4
257	Nil	30/9	57pm	35pm	‡Orway Warren 10p	50pm	.....
75	Nil	—	20pm	9pm	Forward Technology	20pm	+1½
335	Nil	30/10	101pm	83pm	Greenwich Res.	83pm	−3
138	Nil	—	36pm	35pm	Harris (P) 20p	35pm	−1
40	Nil	—	8½pm	7pm	Hyman 5p	7pm	−½
45	Nil	—	13pm	9pm	Inoco	9pm	.....
400	Nil	—	65pm	29pm	Macarthy 20p	29pm	.....
425	Nil	—	235pm	125pm	‡Miller & Santhouse 5p	235pm	+15
210	Nil	—	28pm	25pm	Optical & Medical 5p	26pm	.....
50	Nil	28/10	88pm	78pm	‡Perkins (J.) Meats	88pm	.....
2½	Nil	—	6pm	3¾pm	Property Trust 1p	4½pm	+¼
390	Nil	—	53pm	30pm	Siebe	51pm	.....
248	Nil	—	25pm	22pm	‡Tod 5p	22pm	.....
425	Nil	—	21pm	6pm	Tyndall Hldgs	13pm	−1
300	Nil	—	41pm	39pm	‡UTC	39pm	.....

Renunciation date usually last day for dealing free of stamp duty. *a* Annualised dividend. *b* Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. q Earnings based on preliminary figures. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures † Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. * Third Market. †Issued in £2 Units comprising 2 Ord Shares & 1 Warrant. (Exercisable at 50p into 1 Ord.) ●With warrants

UK COMPANY NEWS

Polymark International surges 74% to over £0.5m midway

THE 74 per cent advance in interim pre-tax profits from £318,000 to £553,000 by Polymark International, supplier of laundry equipment, labelling systems and agricultural machinery, justifies the confidence expressed by Mr Leonard Weaver, chairman, at the annual meeting in June.

He warned that the trading performance in the second half would be lower because of the seasonal decline in sales experienced during the third quarter. Nevertheless, he said, the board confidently expected the overall performance for 1987 would be the best achieved for several years.

Turnover for the six months to June 30 rose from £11.24m to £15.03m and the profit before exceptional items of £50,000 debit (£46,000 debit) was £590,000 (£396,000).

The share of profit of related companies was £13,000 (£32,000 loss), tax took £127,000 (£25,000) and minorities £14,000 (£19,000) leaving earnings per share of 4.67p (1.99p). The company last paid a dividend in 1980.

A breakdown of profit before exceptional items showed that the laundry division fell back from £267,000 to £207,000, despite turnover having moved above the £5m mark. Mr Weaver said profits had been depressed by a high proportion of sales of low margin products as the division adopted a highly competitive policy in order to increase its share of the domestic laundry equipment market.

Polymark France increased its turnover to £5m and pushed its profits up from £215,000 to £265,000. There was a sharp turnround in the agricultural division, with a profit of £172,000 replacing the previous £93,000 loss. The technographics division, however, incurred a loss of £54,000 compared with a profit of £7,000. Japan Polymark had moved into profit and prospects for this venture were encouraging, he said.

George Ingham rises 38%

George Ingham & Co (Holdings), the Halifax-based worsted spinners, produced a 38 per cent boost in interim pre-tax profits to £193,158 and forecast an improved profit for the year-end.

Turnover for the six months to June 30 was flat at £2.57m (£2.6m). After tax of £38,000 (£14,200), earnings per share rose from 6.29p to 6.75p on a net basis and fell from 6.6p to 5.21p on a nil distribution basis. The interim dividend was up by 0.25p at 1p.

New machinery financed by minimal external borrowings was operating successfully, and further capital expenditure of around £120,000 had been contracted for the second half to replace worn out machinery, said the directors.

Production levels should be maintained during the final six months as demand for the company's yarns was steadily increasing.

The board and its financial advisers had appointed Rensburg as stockbrokers and had made arrangements for an active market in the company's shares to recommence, so that its full value could be reflected in the share price.

Queens Moat £19m expansion

BY CLAY HARRIS

Queens Moat Houses, the hotels group, yesterday continued its expansion into continental Europe by agreeing to pay £19.1m for properties in West Germany and Belgium.

It is buying the freehold of the 148-room Holiday Inn in Mannheim, which Queens Moat will operate under a franchise agreement, and the management contract and an 80 per cent interest in the freehold of the 330-room five-star Switel hotel in Antwerp.

The purchase prices of DM18.5m (£6.2m) and BFr800m (£12.9m) will be financed through Queens Moat's £250m multi-option loan facility, which was also used to fund the £148m acquisition of 24 hotels in West Germany, the Netherlands and Belgium announced six weeks ago.

The acquisitions will give Queens Moat a total of 118 hotels with 12,215 rooms. The group said it had no present intention of increasing its 14.9 per cent stake in Harmony Leisure, the pub and restaurant operator.

Murray Ventures

Net asset value for Murray Ventures rose to 381.3p at the end of July 1987 against 269.9p 12 months earlier. Earnings per share for the year to July 31 were 4.83p against an adjusted 4.39p and directors are recommending a final dividend up from 3p to 3.5p, making a total for the year of 5.25p, against 4.25p.

Randsworth Trust

Randsworth Trust, USM-quoted property development and investment group, boosted its net asset value to 161p at June 30.

Profits after tax were £1.91m (£368,000), and the single dividend was quadrupled to 1p.

Oriflame buys Swedish jeweller for £5.1m

Oriflame International, Scandanavian-based but London-listed direct selling cosmetics and jewellery company, is buying C.G. Hallbergs Guldsmeds A.B., Swedish jewellery retailer, for £5.1m in shares from Dahlgrens A.B.

Hallbergs, with 36 shops across Sweden, has warranted profits before interest and tax of about £658,400 for the year to next April, with pre-tax profits expected to be £544,000.

Oriflame, which spent £42m at the start of the year buying Goldsmiths, British retail jewellery group, reported interim operating profits last week up 56 per cent to £3.56m (£2.27m), or 44 per cent ahead on a comparable basis.

However, after a £1.35m charge on other income and expenditure (profit of £1.01m), due partly to the costs of acquiring Goldsmiths, this translated into pre-tax profits of £2.44m (£3.24m). The company said that because of changes in the group's financial structure comparisons at the pre-tax level were not meaningful.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Friday October 2 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thu Oct 1 Index No.	Wed Sep 30 Index No.	Tue Sep 29 Index No.	Year ago (approx) Index No.	1987 High	1987 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (214)	1013.26	+0.5	6.89	2.78	18.22	17.43	1008.72	999.91	997.83	643.79	1038.07 16/7	696.73 2/1	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (30)	1261.38	−0.2	7.36	2.87	16.94	21.17	1263.34	1253.80	1250.01	736.66	1381.08 16/7	860.39 5/1	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (33)	1875.03	+1.0	6.55	2.67	20.39	27.76	1857.81	1846.80	1850.53	1127.28	1951.50 16/7	1185.88 2/1	1951.50 16/7/87	71.48 2/12/74
4	Electricals (14)	2570.04	+0.9	6.73	3.37	18.90	46.23	2547.40	2533.35	2528.28	1678.63	2733.45 20/7	1772.22 2/1	2733.45 20/7/87	84.71 25/6/62
5	Electronics (34)	2177.39	+1.1	7.38	2.31	17.66	34.51	2152.86	2122.99	2102.94	1396.53	2234.70 17/7	1543.77 2/1	2236.70 17/7/87	1229.01 8/10/85
6	Mechanical Engineering (60)	542.43	+0.6	6.75	2.95	18.64	10.70	539.45	534.12	534.79	356.99	542.43 2/10	393.85 2/1	542.43 2/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	588.84	+0.2	6.81	2.77	17.82	8.88	587.68	582.35	581.23	328.20	591.16 30/7	355.97 2/1	591.16 30/7/87	49.65 6/1/75
9	Motors (14)	408.39	+0.6	7.17	2.76	16.34	5.75	405.86	403.35	404.02	266.09	408.39 2/10	272.03 2/1	408.39 2/10/87	19.91 6/1/75
10	Other Industrial Materials (22)	1728.69	−0.3	6.01	3.01	19.77	35.24	1733.38	1723.33	1725.18	1193.40	1736.80 22/9	1179.19 2/1	1736.80 22/9/87	277.55 15/1/81
21	CONSUMER GROUP (183)	1379.86	+0.2	5.94	2.51	21.46	17.74	1376.85	1367.67	1369.23	895.81	1406.32 16/7	950.87 2/1	1406.32 16/7/87	61.41 13/12/74
22	Brewers and Distillers (22)	1227.23	+0.2	8.25	3.00	15.31	17.51	1224.49	1228.05	1231.32	893.93	1269.35 16/7	938.04 2/1	1269.35 16/7/87	69.47 13/12/74
25	Food Manufacturing (23)	1044.73	+0.2	7.05	2.98	18.30	16.30	1042.39	1017.87	1017.99	677.53	1092.25 16/7	738.32 2/1	1092.25 16/7/87	59.67 11/12/74
26	Food Retailing (16)	2551.47	−0.5	5.77	2.31	23.08	36.85	2564.86	2512.64	2589.60	1859.56	2649.96 16/7	1881.08 2/1	2649.96 16/7/87	54.25 11/12/74
27	Health and Household Products (10)	2644.32	+0.4	3.92	1.53	29.58	16.41	2634.54	2654.46	2672.78	1488.91	2699.85 16/7	1645.70 2/1	2699.85 16/7/87	175.38 28/5/80
29	Leisure (31)	1472.61	+0.9	5.52	3.01	22.62	27.70	1459.71	1450.62	1428.97	898.87	1480.59 16/7	986.35 2/1	1480.59 16/7/87	54.83 9/1/75
31	Packaging & Paper (15)	714.49	+0.1	5.91	2.55	22.29	10.75	713.79	714.17	710.18	444.56	739.48 16/7	491.50 2/1	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (15)	5028.01	+0.6	4.07	2.82	31.53	67.01	4998.96	4969.45	4943.71	2538.31	5028.01 2/10	2713.49 2/1	5028.01 2/10/87	55.08 6/1/75
34	Stores (35)	1116.74	+0.1	6.32	2.60	21.44	14.37	1115.49	1105.61	1113.56	818.79	1160.58 29/7	835.17 2/1	1160.58 29/7/87	52.63 6/1/75
35	Textiles (16)	914.52	+0.2	6.90	2.52	16.75	12.15	912.97	907.19	904.60	514.26	914.52 2/10	541.39 2/1	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (86)	1188.40	+0.9	7.34	2.99	16.97	20.55	1177.34	1172.62	1173.02	738.35	1192.30 16/7	815.89 5/1	1192.30 16/7/87	58.63 6/1/75
41	Agencies (17)	1744.02	+0.2	3.61	1.30	36.42	15.86	1739.85	1730.68	1729.19	0.0	1795.57 17/7	1111.16 2/1	1795.57 17/7/87	1111.16 2/1/87
42	Chemicals (21)	1542.60	+1.1	6.39	2.98	19.12	32.41	1525.40	1514.59	1520.79	970.81	1542.60 2/10	1002.01 2/1	1542.60 2/10/87	71.20 1/12/74
43	Conglomerates (13)	1526.26	+1.6	6.74	3.06	16.97	22.10	1502.70	1500.91	1506.50	0.0	1546.12 16/7	1112.14 2/1	1546.12 16/7/87	1112.14 2/1/87
45	Shipping and Transport (11)	2393.78	—	7.06	3.44	18.60	51.44	2392.77	2381.94	2376.73	1428.19	2497.85 16/7	1567.77 2/1	2497.85 16/7/87	90.80 29/6/62
47	Telephone Networks (2)	1115.20	+0.9	9.89	3.62	14.67	18.98	1105.75	1094.76	1090.58	712.14	1274.14 9/6	837.15 5/1	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (22)	1771.19	+1.0	8.62	2.66	13.84	32.28	1752.86	1763.11	1763.76	1028.66	1771.19 2/10	1101.37 5/1	1771.19 2/10/87	60.39 6/7/75
49	INDUSTRIAL GROUP (483)	1248.65	+0.5	6.57	2.71	19.18	18.96	1242.73	1234.69	1234.80	797.87	1268.86 16/7	860.46 2/1	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (17)	2283.80	+0.3	7.26	4.29	17.03	65.09	2277.69	2284.48	2277.07	1370.65	2458.68 16/7	1585.69 5/1	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1336.60	+0.4	6.67	2.94	18.84	22.93	1330.66	1323.85	1323.33	845.93	1369.88 16/7	915.61 2/1	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (119)	885.32	+0.7	–	3.47	–	18.77	879.59	874.99	874.75	571.17	885.32 2/10	615.75 2/1	885.32 2/10/87	55.88 13/12/74
62	Banks (8)	871.52	+0.4	15.31	4.47	8.63	25.98	868.45	860.31	863.13	625.55	898.38 16/7	685.07 14/4	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (9)	1239.72	+0.8	–	3.57	–	25.73	1229.33	1224.95	1227.54	889.14	1239.72 2/10	869.23 2/1	1239.72 2/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	688.96	+1.3	–	4.00	–	15.97	680.08	684.04	685.57	442.17	688.96 2/10	456.52 2/1	688.96 2/10/87	43.96 13/12/74
67	Insurance (Brokers) (8)	1284.74	−0.1	8.65	4.46	14.80	36.87	1285.90	1259.30	1231.76	1180.68	1399.56 17/7	1089.71 14/4	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (12)	535.13	+3.1	–	2.42	–	8.31	518.94	506.55	504.57	321.68	535.13 2/10	345.85 2/1	535.13 2/10/87	31.21 7/1/75
69	Property (48)	1346.15	—	3.60	2.20	35.90	14.54	1345.72	1344.24	1338.70	724.53	1374.86 16/7	805.82 5/1	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (27)	596.98	+0.2	5.82	2.65	21.98	9.51	595.86	594.92	595.89	333.10	603.48 16/7	365.01 2/1	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (90)	1224.41	+1.8	–	2.00	–	14.35	1202.95	1194.81	1190.67	774.62	1224.41 2/10	867.57 2/1	1224.41 2/10/87	71.12 13/12/74
81	Mining Finance (2)	685.79	+0.2	6.66	2.55	17.05	10.41	684.54	688.22	693.17	313.81	727.93 3/8	341.86 2/1	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (10)	1318.34	+0.1	7.14	3.61	16.56	29.58	1317.85	1319.23	1318.03	664.80	1319.23 30/9	778.26 2/1	1319.23 30/9/87	97.37 6/1/75
99	ALL-SHARE INDEX (721)	1221.32	+0.5	–	2.98	–	21.48	1214.97	1208.89	1208.47	770.44	1238.57 16/7	835.48 2/1	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Oct 1	Sep 30	Sep 29	Sep 28	Sep 25	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ♦	2382.2	+8.4	2383.7	2377.1	2373.8	2366.8	2368.3	2368.1	2342.6	1560.8	2443.4 16/7	1674.5 2/1	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Oct 2	Day's change %	Thu Oct 1	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.21	+0.09	120.13	0.02	9.09
2	5-15 years	134.27	+0.16	134.05	–	10.50
3	Over 15 years	141.72	+0.12	141.56	–	10.29
4	Irredeemables	156.33	+0.05	156.25	–	8.81
5	All stocks	131.84	+0.13	131.68	0.01	10.06
	Index-Linked					
6	5 years	119.88	−0.01	119.89	–	2.18
7	Over 5 years	118.63	−0.21	118.86	–	2.60
8	All stocks	111.23	−0.20	111.45	–	2.55
9	Debentures & Loans	113.74	−0.02	113.75	–	8.07
10	Preference	82.64	−0.14	82.75	–	4.89

	AVERAGE GROSS REDEMPTION YIELDS		Fri Oct 2	Thu Oct 1	Year ago (approx.)	1987 High	1987 Low
	British Government						
1	Low	5 years	9.60	9.60	9.69	9.78 2/1	7.52 11/5
2	Coupons	15 years	9.89	9.90	10.31	10.08 2/1	8.53 8/5
3		25 years	9.71	9.71	10.32	10.08 2/1	8.55 8/5
4	Medium	5 years	10.32	10.33	11.30	10.80 2/1	8.39 8/5
5	Coupons	15 years	10.15	10.16	10.70	10.39 2/1	8.74 8/5
6		25 years	9.92	9.92	10.28	10.18 2/1	8.75 8/5
7	High	5 years	10.40	10.40	11.40	10.84 2/1	8.58 8/5
8	Coupons	15 years	10.31	10.33	10.91	10.57 2/1	8.86 8/5
9		25 years	9.96	9.96	10.40	10.24 2/1	8.72 8/5
10	Irredeemables	†	9.94	9.94	10.02	10.06 2/1	8.67 8/5
	Index-Linked						
11	Inflation rate 5%	5yrs	3.55	3.52	4.75	3.95 2/1	2.03 20/5
12	Inflation rate 5%	Over 5 yrs	4.16	4.15	3.73	4.16 2/10	3.30 6/4
13	Inflation rate 10%	5 yrs	3.59	3.54	3.42	3.59 2/10	0.85 24/3
14	Inflation rate 10%	Over 5 yrs	4.18	4.15	3.57	4.18 2/10	3.17 27/3
15	Debs &	5 years	11.70	11.70	11.54	11.70 1/10	9.46 12/6
16	Loans	15 years	11.55	11.55	11.52	11.56 30/9	9.79 23/3
17		25 years	11.41	11.40	11.49	11.48 26/8	9.84 23/3
18	Preference	†	11.00	10.98	11.32	11.83 2/1	10.05 22/6

♦Opening index 2381.9; 10 am 2378.3; 11 am 2378.3; Noon 2381.0; 1 pm 2381.2; 2 pm 2381.8; 3 pm 2381.3; 3.30 pm 2379.7; 4 pm 2380.2

CONSTITUENT CHANGES: Mercantile House(70), Fisher(J.)(45), Murray Technology(71) and Telemetrix(5) have been deleted and replaced by Singer & Friedlander(68), Cannon St. Investments(43), Southend Stadium(69) and Wal--r Greenbank(6). RECLASSIFICATIONS: Emess Lighting from (40) and (48) into (1) and (4). FKI Electrical from (4) into (6). Hawker Siddeley from (6) into (4). Lec Refrigeration from (40) and (48) into (1) and (4). Microfilm Reprographic from (40) and (48) into (21) and (32). Microgen Holdings from (40) and (41) into (21) and (32). Time Products from (21) and (34) into (40) and (48). NAME CHANGES: Kellock Trust to Rutland Trust. Equity section or groupBase dateBase value Equity section or groupBase dateBase valueEquity section or groupBase dateBase value

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

Flotation price values Suez group at FFr20bn

BY GEORGE GRAHAM IN PARIS

THE FRENCH Government has fixed a price of FFr317 a share for the privatisation of Compagnie Financiere de Suez, valuing the investment banking group at FFr20bn ($3.3bn).

Paris brokers suggested the price was designed to ensure a success for the privatisation, which is the first since the summer break in France and comes at a time when the Government's conduct of the programme has come under increasing criticism.

The valuation, lower than many analysts had expected, represents a discount of 20 per cent to the Suez group's own estimate of its net asset value and of 16.5 per cent to the price at which its non-voting investment certificates were suspended last month.

The Government is also to place 28 per cent of Suez's shares, a larger tranche than usual, in the hands of a "hard core" of friendly shareholders.

The main shareholders will be Elf-Aquitaine, the French oil company (3.5 per cent), St Gobain, the glass and packaging group privatised last November in which Suez itself holds a major stake (3.5 per cent), Pernod-Ricard, the wines and spirits producer (3 per cent) and Exor, a distribution holding company (2.25 per cent).

Renaud de la Geniere: Suez chairman

The hard core includes 10 foreign investors, an unusually large number, including Societe Generale de Belgique, Mr Carlo de Benedetti, the Italian financier, and the Istituto San Paolo di Torino.

Both Mr de Benedetti and Mr Rene Lamy, governor of Generale de Belgique, are expected to join the board of Suez.

Suez, which is chaired by Mr Renaud de la Geniere is viewed as trying to cement alliance's with a number of its overseas financial partners through the hard core placing.

Aides of the socialist President Francois Mitterrand claim that the right-wing Government of Mr Jacques Chirac had to reconsider the composition of the hard core in the wake of recent criticisms that Mr Chirac was favouring his political cronies in the allocation of stakes.

They say that a number of overt supporters of Mr Chirac's RPR party have been dropped from the original list.

Kleinwort to pull out of London $ swaps

By Clare Pearson

KLEINWORT BENSON, the UK merchant bank, is discontinuing its dollar swap market making operation in London which it set up eight months ago.

In future, all its swap business will be concentrated in Kleinwort Benson Cross Financing, the Los Angeles-based company which has become one of the largest players in the swap market over the last few years.

Mr Jonathan Agnew, Kleinwort's chairman, said: "Our dollar swap activity in London has been unprofitable and we would have seen this sector continuing to generate low returns for some time." Kleinwort's sterling and currency swap business in London is to continue, however.

Kleinwort emphasised that its US operation, which does not make markets in swaps, continued to be "highly profitable," unlike the margins available on its market making business in London. Kleinwort has £32bn worth of swaps under management in the US.

Six out of the seven people employed by Kleinwort Benson Cross Financing's London subsidiary will be absorbed elsewhere in the company, Mr Agnew said yesterday.

Kleinwort's decision comes in a context of heavy losses on its securities trading operations in London, reflected in its sharply lower interim profits of £37.9m ($57.7m) announced last month.

Dollar swap specialists said yesterday that the profitability of dollar swap trading in London has deteriorated over the last year or so as more players have entered the market.

At the same time, US and UK regulators are seeking to impose tough capital requirements on off-balance sheet risks, including swaps, which would if put into effect sharply increase the cost of carrying a swap portfolio.

Kleinwort Benson Lonsdale, Kleinwort's parent company, last month announced a £144m rights issue which will boost the group's capital to more than £800m. It also plans to issue a £100m bond issue in the Euromarkets.

Trelleborg offers for Boliden

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

TRELLEBORG, THE rapidly growing Swedish rubber and plastics group, is bidding around SKr3.5bn ($550m) in shares and cash for the outstanding 48 per cent of Boliden, the Swedish mining, metals and chemicals group.

It is planning to finance the cash portion of the bid through a SKr1bn rights issue of so-called bonus shares, which will carry a guaranteed dividend of SKr20 per share for the first 10 years.

Trelleborg's acquisition of Boliden, which began last year when it bought an initial 41 per cent stake, is one of the biggest takeovers ever made in Sweden.

By the end of the year the new Trelleborg group should have a turnover of more than SKr19bn - including a string of other smaller acquisitions made this year by both Trelleborg and Boliden - and a workforce of 23,000.

It has grown rapidly under new management since 1983, when sales totalled only SKr1.7bn. In the last two years it has been one of the star performers on the Stockholm stock exchange with its free shares going from a low of SKr57 last year to a peak of SKr360 before trading was halted on Wednesday in mid-session.

Trelleborg also revised upwards yesterday its profits forecast for 1987 to SKr700m (after financial items and minority interests) compared with a forecast in May of SKr600m.

With Boliden as a wholly-owned subsidiary on a full-year basis Trelleborg said its profits for 1987 would be SKr830m including interest costs for the acquisition.

Trelleborg has grown quickly chiefly through acquisitions into a conglomerate with its main activities in mining, metals, chemicals, rubber and plastics products, building materials, electrical and other installation and trading.

Last year Boliden, which had a turnover of SKr12.3bn, made a loss of SKr1.08bn including one-off costs for restructuring, reservations and write-downs of SKr802m.

It has recovered strongly this year, however, and said yesterday that profits for 1987 (after financial items) should total around SKr400m after taking SKr100m in restructuring costs. In addition the group expects extraordinary profits of more than SKr1bn from the sale of shares and property.

Elkem to slash silicon output

BY KAREN FOSSLI IN OSLO

ELKEM, the Norwegian metals group, is to reduce its annual output of silicon metal by nearly half to 17,000 tonnes with the preliminary shutdown of one furnace in its Meraker Trondelag smelter works on the west coast of Norway.

Elkem, which produces between a fifth and quarter of the world's total supply of silicon metal, says it may shut a second furnace at a later date.

The company cites the unsatisfactory price level for silicon metal world markets combined with the weakness of the dollar as the reasons for the capacity reduction.

Elkem also has silicon metal facilities in Kristiansand, in the southern part of Norway, where annual output is 20,000 tonnes from three furnaces and in the US where output is considerably less.

Its biggest competitors include US-based SKW, Pechiney of France, and Brazil. The silicon metal which Elkem produces is used primarily for chemical and aluminium applications.

Silicon is derived from the same raw materials as ferro-alloys but it is produced in electrical production furnaces with the use of quartz.

Silicon metals and ferro-alloys account for about 65 per cent of Elkem's annual turnover, which fell from NKr5.8bn ($864m) to NKr3.6bn for the first half of 1987. In its half-year report Elkem said markets for silicon metal and ferro-alloys had been very difficult.

Group losses before extraordinary items totalled NKr59m for the six months, compared with a deficit of NKr98m in the same period of 1986.

Brown Boveri in deal with Italmobiliare

By John Wicks in Zurich

BROWN BOVERI, the Swiss engineering group which is to merge with Asea of Sweden in a ground-breaking deal which would create a group with sales $15.2bn, plans to amalgamate its Tecnomasio Brown Boveri (TIBB) subsidiary with Ercole Marelli, which is owned by Franco Tosi Industriale, a subsidiary of Italmobiliare.

Brown Boveri will acquire a stake of some 30 per cent in both Franco Tosi Industriale and its affiliate Franco Tosi Ingegneria, while Franco Tosi will take a stake in TIBB.

Last year, TIBB contirbuted some SFr750m ($487m) to the SFr1bn or so turnover of Brown Boveri in Italy. Its absorption of Marelli will raise turnover to some SFr1.2bn.

The transaction is closely linked with the formation of the new Asea-Brown Boveri concern. According to Brown Boveri. The new Italian operation will be integrated into the joint activities of the Swiss and Swedish partners.

The co-operation between TIBB (electrical machinery, industrial equipment and traction), Marelli (generators, industrial equipment, transformers and automation and control systems) and Tosi (steam turbines, boilers and steam power plants) is expected to strengthen the position of the forthcoming Asea-Brown Boveri group in Italian markets for power generation, industrial and automation equipment.

Bank of China to launch unit trusts

THREE MEMBERS of Beijing's state-owned Bank of China group will launch two unit trusts in Hong Kong this month in partnership with James Capel (Far East), the securities unit of Hongkong & Shanghai Banking Corp, AP-DJ reports from Hong Kong.

The unit trusts mark the Bank of China group's first major foray into investment management, and officials of the company say they will be followed next year by a private banking operation and the introduction of pension and retirement funds.

Besides Capel, the members of the joint venture are Nanyang Commercial Bank, the Sin Hua Trust, Savings & Commercial Bank and Ming An Insurance. All three are members of the Bank of China group operating in the colony.

The company, called NCB Investment Management, was formed in June and received permission from the Hong Kong securities commission on Thursday to launch its first two unit trusts.

Mr Robert Leung, Nanyang's assistant financial controller, said the trusts would be called Nanpo World Growth Fund and Nanpo World Income Fund, with the former investing primarily in equities and the latter in bonds. He said the funds, which will go on sale on October 26, would not concentrate on any specific geographic area.

The Nanyang official said the Bank of China group had a large base of small depositors in Hong Kong who were looking for a higher yield on their savings than was available through a Hong Kong dollar savings account. "Many of our customers asked us if we could provide fund management services," he said.

The banks' retail customers provided a natural, untapped market for unit trusts, Leung said, and initially, shares in the funds would be marketed through the banks' branches.

Following the launch of the unit trusts, Mr Leung said, NCB hoped to establish a private banking operation and pension and retirement funds. He said the company was currently putting together details of the planned operations and hoped to have them in place by the end of the first quarter of 1988.

According to Mr Gavin Roberts, a director of Capel, the Bank of China group teamed up with Capel because the Chinese banks couldn't put together an investment management operation on their own. He said without a Western bank to assist them, the Chinese could neither create marketable products nor recruit the necessary staff for their own operation. "They obviously cannot do it themselves," he said.

The joint venture also offered the Chinese a chance to learn the investment management business, Mr Roberts said.

CSFB

CREDIT SUISSE First Boston ran the books on $8.8bn worth of new Eurobonds in the first nine months of 1987, according to IDD Information Services statistics, not $8.2bn worth as was incorrectly shown in yesterday's paper.

Pick 'n Pay plans 50% staff ownership

JIM JONES IN JOHANNESBURG

PICK 'N PAY, the South African supermarket chain, is planning to give its employees a 50 percent interest in the business.

The proposals are expected to be disclosed within six to eight weeks and will accompany four-for-one share splits by Pick 'n Pay itself and by Pikwik, its controlling company. Mr Raymond Ackerman, the chairman, believes that 50 per cent ownership by employees is possible within about five years.

Last year the company, which prides itself on progressive labour relations, was hit by strikes in support of wage claims.

This year industrial action has been limited and Pick 'n Pay recorded a 23 percent increase in first-half turnover during the six months to August 31 1987.

The first half's turnover rose to R1.39bn ($668m) from R1.13bn in the corresponding period of 1987, the interim trading profit before tax and investment income increased to R32.7m from R26.8m and the pre-tax profit was R34.8m against R28.8m.

Turnover totalled R2.47bn on the financial year to February 28, the year's trading profit was R69.3m and the pre-tax profit was R75.3m.

The first half's earnings rose to 93.0 cents a share from 77.3 cents and the interim dividend has been lifted to 27.5 cents from 24 cents.

HK watchdog's deputy to join Wardley

BY DAVID DODWELL IN HONG KONG

MR DEREK MURPHY, deputy commissioner of Hong Kong's Securities Commission, is to abandon his referee role for more rewarding work as managing director of Wardley Investment Services, one of the territory's leading fund managers.

His move, which will take place in spring next year, will aggravate the massive backlog of work that has built up in the commission as stock market trading has boomed, and as the government has made efforts to tighten supervision over the market.

"It has always been a matter of 'patch and sell', and fire-fighting, with no forward planning, at a time when the market has been developing at a hectic pace," Mr Murphy commented yesterday.

Trading volumes on the stock exchange have risen in the past two years from a daily average of HK$200m (US$25.6m) to more than HK$2bn, with a steady stream of flotations, rights issues and corporate reorganisations being pushed into a booming market. Over this time, staffing at the commission has remained static, though there are five posts to be filled by the end of the year.

At present, applications for almost 80 new unit trusts are in the commission pipeline, along with applications for 20 provident funds, Mr Murphy said.

Applications for registrations are seriously backlogged, as are a variety of corporate proposals. A commodities trading ordinance has been awaiting review since 1982, and the securities ordinance has not been brought up to date for more than five years.

Mr Murphy's recruitment by Wardley Investment Services is part of a major expansion in the group aimed at coping with fast-growing business in Asia and London.

The group, which is a sister of Wardley, the merchant banking group, has funds under management worth $7bn. Almost 60 per cent of its business is still based on Hong Kong.

But business has grown rapidly in the UK since roots were thrown down in London in 1985, according to Mr Nigel Tulloch, managing director of both Wardley Investment Services Ltd, and Wardley Investment Services (Hong Kong).

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1987 High	1987 Low
METALS					
Aluminium					
Free Market c.i.f.	$1910/930	-20	$1285/305	$1858/1980	$1205/1225
Antimony					
Free Market 99.6%	$2200/2250	-10	$2500/2570	$2480/2590	$2150/2200
Copper-Cash Grade A	£1132	-13.5	£920.5	£1149.5	£870.25
3 months Grade A	£1114.25	-9.25	£943.25	£1129.5	£849.5
Gold per oz	$453.75	-8.25	$437	$476.75	$390.25
Lead Cash	£378.5	+6.5	£276.5	£445	£288.75
3 months	£369.5	+5	£280.75	£417.5	£290.75
Nickel					
Free market	245/265c	+3	168/188c	247/267c	156/177c
Palladium	$153.25	-3.85	$144.75	$161.00	$117.15
Platinium per oz	$586.00	-21.5	$604.50	$646.50	$475.75
Quicksilver (76lbs)	$295/305	-10	$140/160	$310/325	$150/160
Silver per oz	454.00p	+1.95	400.80p	653.60p	344.40p
3 months per oz	475.75p	+2.30	410.85p	668.20p	352.70p
Tin					
Free market	£4118/4188	+15	£3810/850	£4,510/640	£3,980/990
Tungsten Ind	$55.78	—	$50.08	$58.1g	$41.44
Wolfram (22.04 lbs)	$38/50	—	$34/44	$50/55	$32/42
Zinc cash	£472	+3.5	£626.5	£567	£447
3 months	£473.5	+2.75	£620.25	£550.5	£448
Producers	$860	—	$930	$870	$770/790
GRAINS					
Barley Futures Jan	£105.10	+0.90	£110.10	£118.55	£95.30
Maize French	£132.75	—	£148.00	£163.50	£131.80
WHEAT Futures Jan	£110.60	+2.65	£108.80	£125.50	£95.75
SPICES					
Cloves	$3500	—	$4100	$3,800	$3,200
Pepper white	$6000	-400	$6400	$6,400	$4,900
black	$4900	—	$4700	$4,900	4,200
OILS					
Coconut (Philippines)	$495t	—	$295	$530	$320
Palm Malayan	‡	—	$245	$390	$285
SEEDS					
Copra (Philippines)	$320	—	$180	$325	$220
Soyabeans (U.S.)	$159	—	$155	$162.5	$133.5
OTHER COMMODITIES					
Cocoa Futures Mar	£1231.5	-38	£1575.5	£1,439.5	£1,187
Coffee Futures Jan	£1367.5	+55.5	£2188.5	£1855.5	£1,210.5
Cotton Outlook A Index	76.75c	-3.5	50.95c	87.70c	62.65c
Gas Oil Fut. Nov	$165.75	+5.25	$126.5	$173.25	$126.5
Jute LJA BWC grade	$435	—	$230	$435	$280
Rubber kilo	66.75p	-0.25	66p	71.5p	60p
Sisal No. 3L	$615	—	$625	$615	$610
Sugar (Raw)	$160.6t	+3.4	$121	$204	$139.5
Tea (quality) kilo	172p	+12	195p	180p	140p
(low med) kilo	82p	+4	126p	111p	80p
Wooltops 64s Super	485p kilo	—	395p kilo	546p kilo	415p kilo

‡ Unquoted. (x) Nov. (y) Dec. (t) Oct/Nov.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or —	High/Low
Cash	1940-60	+25	1890
3 months	1820-40	+16	—

Official closing (am): Cash 1890-1900 (1850-60), three months 1810-20 (1815-25), settlement 1900 (1855). Final Kerb close: 1835-45.
Ring turnover: 125 tonnes.

99.5% purity	£ per tonne		
Cash	1219-23	+22	1200
3 months	1114-15	+3	1122/1105

Official closing (am): Cash 1199-1200 (1195-1200), three months 1106-7 (1105-6), settlement 1200 (1200). Final Kerb close: 1117-18.
Ring turnover: 10875 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1131-3	-7	1136/1134
3 months	1114-14.5	-6.25	1116/1109

Official closing (am): Cash 1134-5 (1135.5-6.5), three months 1114.5-15.5 (1114-15), settlement 1135 (1136). Final Kerb close: 1114.5-15.5.

Standard			
Cash	1128-30	-8	—
3 months	1111-13	-4.5	—

Official closing (am): Cash 1131-3 (1132-5), three months 1110-12 (1110-13), settlement 1133 (1135).
US Producer prices 83.5-88.5 cents per pound.
Total ring turnover: 54,950 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	378-9	+10	379/375
3 Months	369-70	+5.75	371/364

Official closing (am): Cash 374-5 (367-8), three months 366-7 (363.5-4), settlement 375 (368). Final Kerb close: 369-70.
Ring turnover: 15,125 tonnes. US Spot: 42 cents per pound.

NICKEL

[illegible]

ZINC

[illegible]

LONDON METAL EXCHANGE TRADED OPTIONS

[illegible]

TIN

KUALA LUMPUR TIN MARKET: Close 16.95 (16.95) ringgit per kg. Down 0.10 ringgit per kg.

GOLD

[illegible]

GOLD AND PLATINUM COINS

[illegible]

INDICES

REUTERS

Oct. 2	Oct. 1	M'th ago	Year ago
1641.0	1640.7	1644.2	1568.1

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct. 1	Sept. 30	M'th ago	Year ago
Spot	126.37	126.15	—	125.71
Fut	130.63	129.21	—	123.51

(Base: December 31 1931=100)

SILVER

Silver was fixed 1.35p an ounce lower for spot delivery in the London bullion market yesterday at 464p. US cent equivalents of the fixing levels were: spot 753.35c, down 1.65c; three-month 768.75c, down 2.05c, six-month 785.5c, down 1.75c; and 12-month 818.45c, down 1.8c. The metal opened at 463-465p (756-753c) and closed at 461-463p (748-760c).
LME—Turnover: 1 (0) lots of 10,000 oz.

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Sept	464.00p	-1.35	747c	-6
3 months	475.75p	-1.80	762c	-6
6 months	488.15p	-1.50	—	—
12 months	510.80p	-1.85	—	—

Three months final kerb 764-7c.

COFFEE

Robustas made further gains as confidence remained high that an agreement would be reached at the ICO meeting, reports Drexel Burnham Lambert. The fact that the talks have been extended into the weekend did little to dampen enthusiasm and levels at the one point gained £41 from Thursday's close. Light jobber profit-taking on the close pared gains slightly.

COFFEE	Yesterday close	+ or —	Business done
Nov	1337-1338	+26.5	1351-1322
Jan	1367-1368	+28.0	1377-1349
Mar	1392-1395	+32.0	1399-1374
May	1408-1410	+30.0	1416-1394
July	1430-1440	+41.5	1428-1413
Sept	1448-1460	+46.5	1436-1435
Nov	1468-1480	+38.0	—

Sales: 4,585 (3,831) lots of 5 tonnes.

[illegible]

COCOA

[illegible]

FREIGHT FUTURES

[illegible]

GRAINS

[illegible]

US MARKETS

GOLD WAS locked in a narrow trading range with most of the business taking place on rollovers, reports Drexel Burnham Lambert. Silver trading was featureless and choppy. Copper was firmed by moderate trade buying. Commission house buying and local short-covering gave platinum a modest gain. All the meat markets were down for the day. Profit-taking and local sellings short were cited. There was some light commission house scale-down buying in the pork belly market. Early follow-through buying lent the grains support. However, the market was pressured by local long liquidation and pre-hedging. Cocoa and sugar observed light trading, closing relatively unchanged. Coffee was active on strong commission house buying. Good commission house selling was the main feature in cotton. Orange juice saw some aggressive trade buying.

NEW YORK

ALUMINIUM 40,000 lbs; cents/lbs

	Latest	Prev	High	Low
Oct	83.70	82.25	—	—
Nov.	83.70	82.25	—	—
Dec.	83.70	82.25	83.50	83.50
Jan	80.90	79.60	—	—
Mar	77.25	76.25	—	—
May	72.00	71.25	—	—
July	69.25	68.75	—	—
Sep	69.25	68.75	—	—

COCOA 10 tonnes, $/tonnes

[illegible]

CHICAGO

[illegible]

OIL

[illegible]

SOYABEAN MEAL

[illegible]

POTATOES

[illegible]

SUGAR

[illegible]

GAS OIL FUTURES

[illegible]

MEAT

[illegible]

RUBBER

[illegible]

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Bonds rise spills over into stocks

SLIGHTLY HIGHER levels were recorded on Wall Street yesterday adding to the gains of the previous session. Traders said a turnaround in the Bond market quickly spilled over into stocks. Brokerage issues and Technology stocks stood out in the list of gainers.

At 1 pm, however, the Dow Jones Industrial Average was off 0.33 to 2638.87, but the NYSE All Common index was up 65 cents to $183.62. Advances led declines by a six-to-five ratio in a volume of 157.23m shares.

Brokers say action prior to the weekend and a Jewish Holy Day is typically slow.

After an initial burst of futures-related buying, Blue Chips pulled back almost as fast as they rose. Brokers said the pull-back showed investors were worried about high rates and disappointed that the employment gain in September was lower than thought.

However, brokers said the figures reduces chances of a Federal Reserve credit tightening.

Alexanders were lifted $4 to $40—analysts said it gained after Donald Trump filed for clearance to buy an unlimited number of Alexander shares with the goal of gaining control.

Technology stocks extended Thursday's gains with IBM up $1½ to $156, Digital Equipment ahead $2¼ to $193, and Computer Associates up $2⅛ to $36⅝, Unisys $1⅜ to $46⅝, Hewlett Packard $1⅛ to $73⅝, and Compaq Computer $2⅛ to $77⅞.

THE AMERICAN SE Market Value index improved 0.75 to 358.91. Trading volume 8.48m shares.

Closing prices for North America were not available for this edition.

CANADA

Slightly lower in active mid-session trading as Golds and Blue Chips continued lower, but Forest Products showed strong gains.

The Toronto Composite index fell 4.00 to 3,894.10.

Among Forest Product stocks, volume leader MacMillan Bloedel moved up $2 to $29½, B.C. Forest $1 to $24¾ and Canfor $½ to $34½. "1980 looks good for Western forest companies," said analyst Claude Moreau of Walwyn Stodgell Cochran Murray.

In other active stocks, Bow Valley rose $¾ to $20⅛ on news that British Gas may alter its control bid in view of recent complaints by shareholders who want better terms.

Golds continued lower in line with falling international bullion prices.

TOKYO

Higher in modest trade on bargain-hunting sparked by Thursday's rally on Wall Street and helped by a generally robust mood.

The Nikkei Dow market index gained 140.71 to 25,862.45. Advances led declines by five-to-four in turnover of 850m (1.5bn) shares.

Communications, Pulp/Paper, some Manufacturing, Rubber, Airline, Oil, Gas, Glass/Cement, Auto, Mining, Machinery, Precision Instrument and Electronics stocks gained ground. Securities, Banks and some other Financial stocks were lower.

Paper/Pulp and Printing stocks rose on news 86-year-old emperor Hirohito, recovering from an operation, was running a high temperature. Brokers said a new emperor would mean the reign title on Japan's calendar would change. Oji Paper rose Y60 to Y1,180 and Settsu Paperboard Manufacturing Y30 to Y995.

Brokers said an underlying theme of economic recovery drove the market ahead. They said raw materials like rubber, oil, gas and cement will all be needed to feed the expanding economy, brokers said. But financial shares fell, partly because brokers do not expect their profits this year to exceed fiscal 1986's bumper gains.

Securities Houses and Banks also lost as the Tokyo Bond market, in which they are heavily invested, continued to fall.

The first section index rose 5.88 to 2,114.19 after tumbling 28.28 on Thursday. The section second index climbed 8.24 to 2,708.05. Turnover 22m (21m) shares.

CSK fell Y300 to Y5,800 on rumours, but denied by the company, that it lost money due to speculative financial dealings.

AUSTRALIA

SHARPLY HIGHER as buyers returned following large falls earlier this week.

The All Ordinaries index closed 22.4 higher at 2,241.3 and the All Industrials index 40.2 to 3,343.4. The Gold index rose 24.1 to 3,853.9 and the All Resources index 8.7 at 1,395.6.

National turnover 131.65m shares worth A$320.17m, with rises outnumbering falls 8-to-7.

Brokers said a sharp recovery in the spot share price index futures contract, which plunged 87 points Thursday, boosted sentiment. A steadier bullion price and a sharp gain on Wall Street overnight also eased concerns, they said.

Insurance, Paper and Transport stocks led the gains.

FAI Insurances were 64 cents higher at A$10. Brokers said this was probably due to media reports of a takeover of UK merchant bank Hill Samuel, in which FAI has a nearly 15 per cent stake, by the Trustee Savings Bank.

AWA gained 15 cents to A$4.30 and reached a high of A$4.35, despite recent news of its poor performance.

CSR steady at A$4.70 also touted as a takeover target, was heavily traded again, with 4.9m shares changing.

Minings were mixed but with a firmer trend. Sons of Gwalia, were down 70 cents to 12.20, and Ninglni 30 cents to 13.50. Emperor gained 40 cents to 10.00, Placer Pacific 10 cents to 3.65 and Newmont 8 cents to 3.65.

GERMANY

Active and higher but off the best levels of the day, boosted by strong foreign demand amid a stable dollar, favourable technical signals and Thursday's gains on Wall Street.

Dealers said there was speculation US investors ordered shares in Chemicals via Luxembourg overnight.

Chemicals led other sectors higher, still benefiting from sentiment that they are cheap by international standards. Banks and Steels also posted strong gains as domestic investors and professional operators continued their buying spree.

Dealers said slight profit-taking ahead of the weekend pushed prices off highs during the second half of the Bourse.

The Commerzbank index of 60 leading shares, calculated at mid-session, advanced 24.0 to 2,010.4.

Opinion about the short-term direction of share prices was divided. Some dealers said a technical downward reaction to the steep gains of the last three days was likely on Monday.

In Cars, Porsche surged DM 49 to DM 984, Daimler gained DM 13 to DM 1,081 and BMW rose DM 7 to DM 745.

Grey market quotes for co op were around DM 200 compared with the DM 160 issue price.

HONG KONG

Generally lower in hectic and volatile trading on record turnover of $HK 5.41bn. It was the first time turnover topped $HK 5bn compared with $HK 3.73bn on Thursday and the previous record of $HK 4.07bn on September 28.

The Hang Seng index was down 17.69 to 3,932.04, after losing 53 points in mid-morning and then, gaining 20 points in the afternoon. The Hong Kong index closed 14.33 lower at 2,599.59.

Brokers said sentiment remained bullish though the market wil be highly volatile in the next few days as programme traders become more active.

The October futures contract lost 8 to 4,003 while December shed 14 to 4,098.

Evergo rose 9 cents to $HK 1.31 after buying a 10 per cent stake in Hsin Chong at $HK 4.60 each. Hsin Chong rose 30 cents to $HK 5.40.

CANADA

AUSTRIA

GERMANY

SPAIN

AUSTRALIA (Continued)

JAPAN (Continued)

BELGIUM/LUXEMBOURG

SWEDEN

HONG KONG

DENMARK

SWITZERLAND

ITALY

FINLAND

NETHERLANDS

FRANCE

AUSTRALIA

JAPAN

SINGAPORE

SOUTH AFRICA

NORWAY

Indices

NEW YORK

DOW JONES

STANDARD AND POOR'S

TRADING ACTIVITY

CANADA

TORONTO

MONTREAL Portfolio

NEW YORK ACTIVE STOCKS

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar and pound quiet

THE DOLLAR finished slightly down from Thursday's levels in quiet pre-weekend trading. Most traders had accepted that central banks were determined to support the dollar at around current levels but pointed out that until the next set of trade figures, due out on October 14, there was likely to be little to test central banks' resolve.

A poor number would probably push the dollar weaker despite central bank intervention and speculators were unwilling anyway to open fresh positions ahead of the weekend.

A fall in unemployment figures to 5.9 per cent, its lowest since 1979, provided some encouragement but US bonds were less than buoyant because there were fers that a rise in manufacturing output would give the Federal authorities more scope to increase interest rates without damaging economic growth.

The dollar closed at DM1.8420 from DM1.8475 and Y146.35 from Y146.90. It was also lower against the Swiss franc at SFr 1.5345 from SFr1 1.5395 and FFr 6.1275 from FFr 6.1475. On Bank of England figures, the dollar's exchange rate index fell from 102.4 to 102.2.

Sterling traded quietly and was confined to a narrow range. Once again traders declined to take on the Bank of England and try and push the pound through DM3.00. It closed at DM2.9875, unchanged from Thursday. It was firmer against the dollar at $1.6215 from $1.6170 but eased slightly against the yen to Y237.25 from Y237.50. Elsewhere it finished at SFr2.4875 from SFr2.49 and FFr9.9350 compared wih FFr9.9400. On Bank of England figures, the pound's exchange rate index closed at 72.9, unchanged from the opening and compared with 72.8 on Thursday.

D-MARK—Trading range against the dollar in 1987 is 1.9365 to 1.7690. August average 1.6456. Exchange rate index 146.1 against 146.8 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM1.8408 down from DM1.8442 on Thursday. Trading volume tended to petre out ahead of the weekend. Many traders were now convinced that the dollar would move in a narrow range until the release of US trade figures on October 14.

A bad figure would be seen as a test of central banks' resolve to maintain current dollar levels.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. August average 142.19. Exchange rate index 218.7 against 217.4 six months ago.

The dollar closed slightly down against the yen but finished above the day's lows. It fell below Y146.0 briefly but recovered to close at Y146.30, unchanged from New York but down from 146.75 in Tokyo on Thursday. News of a fall in Japan's August trade surplus appeared to have little effect.

£ IN NEW YORK

Oct. 2	Latest	Previous Close
£ Spot	1.6240-1.6250	1.6225-1.6230
1 month	0.34-0.32pm	0.34-0.33pm
3 months	0.80-0.76pm	0.80-0.78pm
12 months	2.30-2.20pm	2.30-2.20pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Oct. 2	Previous
8.30 am	72.9	73.0
9.00 am	72.9	73.0
10.00 am	72.9	73.0
11.00 am	72.9	73.0
Noon	72.9	73.0
1.00 pm	72.9	73.0
2.00 pm	72.9	73.0
3.00 pm	72.9	73.0
4.00 pm	72.9	72.8

POUND SPOT—FORWARD AGAINST THE POUND

Oct. 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6190-1.6250	1.6210-1.6220	0.33-0.30 c pm	2.33	0.79-0.75 pm	1.90
Canada	2.1180-2.1271	2.1180-2.1190	0.16-0.06 c pm	0.62	0.31-0.20 pm	0.48
Netherlands	3.35½-3.36½	3.35½-3.36½	1⅜-1¼ c pm	4.69	3⅞-3¾ pm	4.54
Belgium	61.86-62.19	61.95-62.05	20-17 c pm	3.58	60-54 pm	3.68
Denmark	11.45¾-11.50½	11.47-11.48	1⅝-1⅛ ore pm	0.59	3½-½ pm	0.70
Ireland	1.1110-1.1175	1.1135-1.1145	0.16-0.10 p pm	1.40	0.43-0.26 pm	1.24
W. Germany	2.98¼-2.99¼	2.98¾-2.99¾	1½-1⅜ pf pm	5.77	4⅛-4 pm	5.52
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 62.20-62.30. Six-month forward dollar 1.44-1.39 c pm. 12-month 2.10-2.00 c pm.

CURRENCY RATES

[illegible]

*CS/SDR rate for Oct. 1

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.35-38.45

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100). * Morgan Guaranty rate for Oct.1

EURO-CURRENCY INTEREST RATES

[illegible]

Long-term Eurodollars: Two years 9⅞-9¾ per cent; three years 9⅞-9⅝ per cent; four years 10-9⅞ per cent; five years 10⅛-9⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Oct. 2	£	$
[illegible]	[illegible]	[illegible]
Iran	117.50*	71.50*
Korea(Sth)	1301.90-1313.65	802.50-809.10
Kuwait	0.45470-0.45570	0.28045-0.28085
Luxembourg	61.95-62.05	38.20-38.30
Malaysia	4.1120-4.1225	2.5365-2.5380
Mexico	2552.95-2559.45	1573.00-1576.00
N. Zealand	2.4920-2.4970	1.5370-1.5385
Saudi Ar.	6.0805-6.0860	3.7500-3.7510
Singapore	3.3975-3.4045	2.0955-2.0965
S. Af. (Cm)	3.3635-3.3800	2.0755-2.0800
S. Af. (Fn)	5.3650-5.5485	3.3060-3.4190
Taiwan	48.60-48.85	29.95-30.05
U.A.E.	5.9550-5.9600	3.6725-3.6735

*Selling rate.

EXCHANGE CROSS RATES

	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.617	1.	1.842	146.4	6.128	1.535	2.073	1329.	1.307	38.25
DM	0.335	0.543	1.	79.41	3.326	0.833	1.125	721.3	0.709	20.75
YEN	4.215	6.835	12.59	1000.	41.88	10.48	14.16	9083.	8.929	261.3
F Fr.	1.007	1.632	3.007	238.8	10.	2.504	3.382	2169.	2.132	62.41
S Fr.	0.402	0.652	1.201	95.38	3.994	1.	1.351	866.3	0.852	24.92
H Fl.	0.298	0.483	0.889	70.61	2.957	0.740	1.	641.4	0.631	18.45
Lira	0.464	0.752	1.386	110.1	4.610	1.154	1.559	1000.	0.983	28.77
C $	0.472	0.766	1.410	112.0	4.690	1.174	1.586	1017.	1.	29.27
B Fr.	1.613	2.615	4.819	382.7	16.02	4.012	5.419	3476.	3.417	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

UK rates barely changed

INTEREST RATES were virtually unchanged in London yesterday. Period rates were static as the pound maintained a steady trend while short dates recovered from the large shortage after a heavy injection of funds by the Bank of England.

Three-month interbank money was unchanged at 10⅝-10¼ per cent. Weekend money opened at 10¼-10 per cent and moved up to 10½-10¼ per cent before slipping away on the Bank's second lot of help to a low of around 7 per cent. Late balances were taken at 8-9 per cent.

UK clearing bank base lending rate 10 per cent since August 7

The Bank of England forecast a shortage of around £950m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £185m and Exchequer transaction a further £135m. There was also a rise in the note circulation £290m and banks brought forward balances £330m below target.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £14m and comprised outright purchases of £7m of eligible bank bills in bands 1 and 2, all at 9⅞ per cent.

The forecast was revised to a shortage of around £1,150m before taking into account the early help and the Bank gave additional assistance of £995m through outright purchases of £163m of eligible bank bills in band 1, £276m in band 2, £175m in band 3 and £381m in band 4 all at 9⅞ per cent.

Further help in the afternoon came to £155m through further outright purchases of £34m of local authority bills in band 1, £50m of eligible bank bills in band 2 and £71m in band 3 all at 9⅞ per cent. Total help came to £1,164m.

The market's steadier tone was reflected in the average rate of discount at the weekly Treasury bill tnder. The rate fell to 9.7467 per cent from 9.7727 per cent and the £100m of bills on offer attracted bids of £909m compared with £1,134m for £200m the previous week. The minimum accepted bid was £97.57 and was met as to about 88 per cent and above in full against £97.56 at 59 per cent the week before. Next week a further £100m of bills will be on offer, replacing maturities of £400m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 2) 3 months U.S. dollars		6 months U.S. dollars	
bid 8¼	offer 8⅜	bid 8⅞	offer 8½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

October 2	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.75-3.85	3.90-4.05	3.90-4.05	4.40-4.55	4.45-4.60	5.0
Paris	7⅜-7½	7⅝-7⅞	7⅞-7⅞	7⅞-8⅛	8⅛-8⅜	7½
Zurich	⅞-1⅛	3⅞-3½	—	4-4¼	—	—
Amsterdam	5-5⅛	5⅛-5⅜	—	5½-5⅝	—	—
Tokyo	3.59375	3.78125	—	3.90625	—	—
Milan	11⅝-12⅛	12-12½	—	12⅜-12⅞	—	—
Brussels	3.65	6⅜-6½	—	6⅝-6⅞	—	—
Dublin	9-9⅜	8⅞-9	8⅞-9	8⅞-9⅛	9½-9⅞	—

LONDON MONEY RATES

October 2	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10½-7	10¼-10	10⅛-10	10⅝-10⅜	10⅞-10⅝	10⅞-10½
Sterling CDs	—	—	10⅛-9⅞	10⅜-10⅛	10⅝-10⅜	10⅞-10⅝
Local Auth'rity Deps.	10⅛	10	9⅞	10⅛	10⅜	10½
Local Authority Bonds	—	—	10¼	10⅜	10⅝	10⅞
Discount Mkt Deps.	10-6	9⅞	9⅞	9⅞	—	—
Company Deposits	9½-9⅞	10	10⅛	10⅜	10½	10⅝
Finance House Deposits	—	—	10⅛	10⅜	10½	10⅝
Treasury Bills (Buy)	—	—	9⅞	9⅞	—	—
Bank Bills (Buy)	—	—	9⅞	9⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	10½	10½	10⅜	—
Dollar CDs	—	—	7.70-7.65	8.20-8.15	8.45-8.40	8.85-8.80
SDR Linked Deposits	—	—	6⅝-6⅜	7⅛-6⅞	7⅛-7	7⅞-7⅛
ECU Linked Deposits	—	—	7-6⅞	7⅛-7⅜	7⅞-7½	7⅞-7⅞

Treasury Bills (sell); one-month 9⅞ per cent; three-months 9⅞ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7467 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 30, 1987. Agreed rates for period October 26 to November 24 1987. Scheme I: 11.42 p.c., Schemes II & III: 11.47 p.c. Reference rate for period August 29 to September 30, 1987, Scheme IV: 10.219p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from October 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 10 per cent; six-nine months 10¼ per cent; nine-12 months 10⅛ per cent; Under £100,000 8 per cent from September 15, Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Bid news keeps equities on the boil

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2

* New time dealings may take place from 9.00 am two business days earlier.

The UK stock market rounded off the first week of the trading account on a very firm note, with the takeover scene enlivened as TSB finally showed its hand as the bidder for Hill Samuel with an offer worth £777m.

The GEC-Plessey telecommunications merger plan dominated the electrical engineering sector.

The TSB terms, following hard on the heels of AB Foods bid for S & W Berisford, left to £1.5bn the total of major takeover offers now in the stock market. The two moves have brought a rash of speculative demand in the banking and consumer sectors.

The takeover excitement dominated the market scene, but underlying investment interest was still sluggish. The big investment institutions are pre-occupied with the £7.5bn British Petroleum privatisation sale as well as the £750m share offer for Eurotunnel, now also in prospect.

The London market made only a cautious response to the strong rise on Wall Street overnight. While equities remain confident that corporate profits and dividends will move higher by the year end, there is still some nervousness over interest rates.

Gilt-edged securities had a quiet session, closing slightly firmer at the end of the session. Sentiment was helped by the disclosure that the Japanese authorities do not plan to raise the discount rate at present.

The FT-SE 100 index closed a net 8.4 up at 2,382.2, a shade under the best of the day. Over the week, the index has gained nearly 40 points, although turnover has largely reflected the takeover speculation prompted by the AB Foods and Hill Samuel deals.

The FT Ordinary Index improved yesterday by 11.4 to 1,872.3.

Early gains in the merchant banking stocks were trimmed as the market sized up the TSB-Hill Samuel offer, which has the support of both boards. Mr William Vincent of Salomon Bros commented that the deal seems "a fair buy" for TSB. The City took a neutral view of the disclosure that discussions between Barclays Bank and Samuel regarding Samuel's corporate finance arm had collapsed.

Other features in the stock market included a sharp rebound in insurance stocks after traders had reassessed the implications of the eathquake in Los Angeles. Royal Insurance more than recouped the loss suffered late in the previous session.

The Hill Samuel saga moved a stage further with news of an agreed 810p a share cash bid for the merchant bank from the cash-rich TSB, valuing Hill Samuel at £777m.

Hill Samuel shares which were quoted at 705p prior to suspension on Thursday, leapt to 794p despite a number of uncertainties over the future of the corporate finance side of the merchant bank and it's market making team at Wood Mackenzie.

Analysts and traders in the shares were of the view that the TSB bid will be the "end of the story" for Hill Samuel after the initial approach and eventual rejection by Union Bank of Switzerland and the subsequent unofficial talks with Saatchi & Saatchi.

Ferranti—currently involved in an agreed share exchange bid for International Signal—raced up 9½ more to 147p amid increasing speculation that a bid for the group is imminent.

Favourites to bid for Ferranti include **STC**, shares of which dipped significantly yesterday to close 5½ off at 284½p, British Aerospace, Racal and Smiths Industries.

Commercial Union, a perennial takeover favourite in the composite insurance sector, moved up 6 to 419p; dealers, despite the numerous false dawns on the bid front in recent years, are now convinced that a stake of around 5 per cent stake has been built up in the company and that the news will be announced in the next few weeks.

Merchant banks were gain stimulated by the Hill Samuel bid news. **S. G. Warburg** were especially favoured, and jumped 35 to 550p while **Hambros** added 7 at 372p. **Morgan Grenfell**, "the next to go" according to a senior trader in merchant bank shares, edged up to close 3 firmer at 591p.

In Insurances **Royals** leapt 21 to 589p; traders suggested yesterday that the John Spalvin-led Adsteam were picking up shares in the market late on Thursday and early yesterday, adding to their recently-acquired shareholding of around 6 per cent.

Brokers showed **Hogg Robinson** another 10 higher at 248p, after 255p; dealers said th lates burst of buying owed much to bid roumours than th recently agreed deal with Lloyd Thompson, ending the run of defections from Hogg Robinson's political risks team. **Willis Faber**, where the Morgan Grenfell near 21 per cent stake led to stories that Robert Holmes a Court's Dewey Warren is about to launch a bid for the group, eased 5 to 425p but remained 77 up on the week.

Canadian quarrying company **Explaura Holdings** staged a highly successful debut in th Unlisted Securities Market; the shares, offered at 32p, opened at 39p and touched 43p prior to closing at 42p; market makers described business as brisk throughout.

Buckleys, the Llanelli-based brewery, advanced sharply in late trading to close at 239p—a gain of 30 on the session—in response to news that the revised bid of 192p per share from Peter Clowes and Guy Cramer—which gained the recommendation of the previously hostile Buckleys board—had been declared unconditional. Whitbread, which has retained a policy of following recommendations f companies in its famed brewing "umbrella," was believed to have assented 1.7m shares to the offer, with the Whitbread Investment company believed to have contributed another 0.9m shares. A spokesman for Peter Clowes said that future intentions were to "expand Buckleys through the acquisition of other substantial outlets and leisure interests."

Selected leading Building issues were briskly traded. **Blue Circle**, which reportedly posted a $6 cement price increase in the States on Thursday, firmed 6 more to 495p, while **Redland**, still reflecting its move into plasterboard, improved a similar amount to 525p. **RMC** were a steady market helped by a broker's recommendation and closed a penny dearer at 515p, but **BPB Industries** remained overshadowed by possible competition worries within the plasterboard industry and lost another 8 to 340p. **Meyer International**, boosted by a broker's recommendation earlier in the week, gained 8 more to 478p, a rise of 58 over the five-day period; the interim results are due on November 17. **Heward Holdings** were favoured by buyers and moved up 8 to 169p, while recently-overlooked **Alfred McAlpine** rose 24 to 616p. **British Dredging** encountered nervous offering ahead of next Tuesday's half-year figures and slipped 6 to 239p, but **Bryant Holdings** revived strongly and put on 8 to 147p.

ICI were ¼ higher at £16⅝ pending details of the chairman's address to Japanese businessmen. **Laporte** were in demand at 576p, up 8, while **Yorkshire Chemicals** firmed 12 to 332p.

The well-signposted merger of the two companies telecoms businesses triggered further strong support for **GEC**, up 4½ more to 234p after a turnover of 7.2m shares, and **Plessey**, 6½ up at 227½p after a turnover of 27m shares; the latter were mildly unsettled in mid-session by news of the resignation of managing director Sir James Blyth.

Quest Automation spurted from 177p to 205p prior to slipping back to 191p at which point the shares were suspended after the possible major scandal.

A more positive week for the Engineering sector was concluded on a quieter note. There were few exceptions, apart from **Rolls-Royce** which continued to recover from the scare of possible enforced sales by overseas holders owing to a breach of the official ceiling rule. R-R shares closed 3 higher at 214p after a turnover of 6m. **Camford** were carried higher on inter-market trade, touched off by one aggressive dealer, and ended with a rise of 17 at 215p. **Westland** gained 5 to 132p and **Manganese Bronze** advanced 14 to 240p, while **J. Dickie** were raised 40 to 200p in a restricted market.

Speculative interest declined noticeably from the levels reached on Thursday following the **Associated British Foods** offer for **S. & W. Berisford**. Speculation of either a counter or increased bid encouraged further support of the latter, 6 up at 431p, and AB Foods also made headway to 372p. The trend elsewhere was irregular. **Tate & Lyle** managed a rise of 15 to 928p and **Fitch Lovell** gained 8 to 338p, but **Sidney C. Banks** fell 20 to 620p on news of a disappointing cereal harvest, both in yield and quantity. Press reports that the sale of MFI had been agreed and will be announced next week dampened enthusiasm for **ASDA-MFI**, which lost 4 to 207p.

Activity in **Trusthouse Forte** also lessened but the price improved 277p as sellers proved unwilling. **Queens Moat** responded to the purchase of two Continental hotels for £22.3m, rising 3 to 112½p, but **Ladbroke** were little affected by the sale of 10 northern hotels for £18.6m.

Leading international stocks made a steady showing although market makers reported reduced volumes. **British Aerospace** were 5 dearer at 539 following news of its Air UK contract worth some US$40m; earlier in the week, the group's Royal Ordnance subsidiary won a $105m order for mortar systems from the US army. **Glaxo**, the subject of traded options related selling on Thursday, picked up ⅛ at £17⅝, while **Trafalgar House** were again boosted by stake building speculation and rose 15 afresh to 425p. **Reed International**, another potential takeover situation in which Mr Rupert Murdoch has a stake, gained 11 to 620p, while **Pearson** firmed 8 to 956p. Recently-firm **English China Clays** encountered profit-taking at 566p,—down 13, but **Crest Nicholson** attracted support at 272p, up 3. **Johnston Group** were favoured ahead of next Wednesday's results and put on 20 to 645p, while **Newman Industries** put on 7½ to 83p reflecting speculative buying. **Parker Knoll A** advanced 80 more to 855p in the wake of the recent excellent figures, while **Metsec**, which announced interim results and an acquisition earlier in the week, firmed 7 to 148p.

Virgin attracted support on news that the company had established an ADR facility and rose 9 to 159p, while **Campari**, boosted afresh by asset injection hopes, gained 23 to 315p. **Pineapple** firmed 7 to 118p following Press comment.

Motor sectors finished the week on a selectively firm note. **Lucas Industries** hardened a few pence to 793p following confirmation that Magneti Marelli, the Fiat subsidiary, is to take a 70 per cent holding on the group's UK starter and alternator business. **Kwik-Fit**, regarded as a "good long-term buy" by Scrimgeour Vickers, rose 6 to 229p. **Reliant Motor**, the USM-quoted car constructor, met fresh takeover chatter and touched 61p before settling a net 6 to the good at 59p. Double-figure gains were noted among Distributors, notably in **Western Motor** which spurted 40 to 580p reflecting asset injection prospects. **Lex Service** rose 20 to 508p, while **Perry**, which recently announced the acquisition of Rocar, closed 13 dearer at 338p.

United Newspapers, a firm market since the recent interim statement and subsequent strong support from US sources for the Daily Express and Yorkshire Post to Punch publishing group, hardened a few pence more to 640p. The announcement that United has sold its Burrups corporate and financial security printing operation to St Ives for just over £41m cash was generally well received. The latter, which also announced sharply increased preliminary figures, a deeply discounted £50m rights issue and a proposed two-for-one scrip issue, advanced ¾ to £10½.

Institutional investors again stayed clear of the Property sector and business tended to centre on secondary issues. **Parkdale** were popular and rose 15 to 203p while **Phoenix Property** gained 10 to 205p. Sharply increased preliminary profits nudged **Randsworth Trust** higher to 237p, and renewed speculative inquiry lifted **Southend Stadium** 11 to 247p.

Woolcombers **Sanderson Murray & Elder** advanced 8 more for a two-day surge of 58 to 243p since the board revealed an unsolicited bid approach.

A fresh buy recommendation coupled with favourable press advice stimulated more buying of **BAT Industries** which closed 8 higher at 704p and within a touch of the best-ever level.

The principal movement among Investment Trusts was in **Bertrams**. Persistent demand aroused speculation of an impending reconstruction or a capital injection until it was announced late that an approach had been made to two major shareholders with a combined stake of over 50 per cent. They had refused to sell, regarding their stakes as a long-term investment, and Bertram shares settled at the day's highest of 137p, up 29.

Fund management groups turned dull as interest faded behind the TSB offer for Hill Samuel, which manages sizeable investment funds. **GT Management** lost 10 to 333p and **M & G** 8 to 392p. Elsewhere, **Britannia Arrow** dipped when a large seller saturated the market. The stock was finally absorbed at lower levels and the close was 7½ down at 203p. **AC Holdings** jumped 1⅛ points to £11⅛, helped by the sale of its interest in AC Cars to Ford Motor, while **Abingworth** advanced 8 further to 345p. A combination of short covering and speculative enthusiasm boosted **Smith New Court** 23 to 311p.

News of the probable bid from Burmah and the Dutch-based SHV saw **Calor Group** soar 24 more to 573p. **Ultramar** jumped a further 15 to 314p amid talks that a bid is in the offing.

Traded Options

Thursday's disclosure of the proposed merger of the telecommunications activities of Plessey and GEC stimulated another lively traded options business in both classes. Plessey attracted 4,215 calls, 1,249 of which were traded in the November 240 series, and just over 1,000 puts. GEC contributed 4,400 calls, the October 220 and 240 series recording 1,035 and 2,184 trades respectively. GEC also accounted for 1,707 puts. Elsewhere, current option favourite **Rolls Royce** continued to attract operators' attentions with 4,942 calls struck—1,496 done in the October 215's. TSB's move for Hill Samuel prompted active option trading in the group's options with 1,841 calls and 3,448 puts transacted, most of the latter being concentrated in the October and April 140's which attracted 1,530 and 1,903 trades respectively.

Traditional Options

- First dealings Oct 5
- Last dealings Oct 16
- Last declaration —
- For Settlement —

For rate indications see end of London Share Service

Calls were transacted in Persimmon, Inoco, Dares Estates, Astra Holdings, Ossory Estates, Epicure, Bulgin "A", Folkes, Phicom, Explaura, Sound Diffusion, Elswick, Systems Designers, Scottish Metropolitan Prop, Empire Stores, Common Bros, Polly Peck, Maxiprint, London & Edinburgh Trust, Pentland, BOM, Underwoods, Queens Moat Houses, Greene King, Benjamin Priest, Buckley's Brewery, Aquascutum "A", Blue Arrow, Harris Queensway, Eagle Trust, Blacks Leisure and Ibstock Johnsen. No puts were arranged but doubles were completed in Polly Peck and Wyndham.

FINANCIAL TIMES STOCK INDICES

	Oct. 2	Oct. 1	Sep. 30	Sep. 29	Sep. 28	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	85.65	85.72	85.55	85.51	85.86	82.75	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.16	91.84	91.61	91.76	92.02	89.98	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1872.3	1860.9	1853.7	1849.8	1851.3	1234.0	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	438.2	444.9	453.1	456.9	462.6	328.6	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.14	3.16	3.16	3.17	3.16	4.49				
Earnings Yld.%(full)	7.68	7.72	7.74	7.75	7.73	10.30				
P/E Ratio (net) (*)	15.94	15.86	15.82	15.80	15.82	11.91				
SEAQ Bargains (5 pm)	37,884	37,996	35,856	37,458	37,445	—				
Equity Turnover (£m)	—	1766.02	1891.17	2134.61	1329.58	445.02				
Equity Bargains	—	43,529	42,828	44,046	45,316	17,308				
Shares Traded (ml)	—	622.7	645.6	731.7	552.6	212.7				

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1871.9	1868.3	1870.0	1872.1	1871.9	1872.1	1871.9	1871.7

Day's High 1873.0 Day's Low 1867.3. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, * Nil=15.72.

S.E. ACTIVITY

Indices	Oct. 1	Sept 30
Gilt Edged Bargains	109.4	117.3
Equity Bargains	282.0	277.5
Equity Value	3569.6	3822.5
5-Day Average		
Gilt Edged Bargains	116.7	120.7
Equity Bargains	294.4	297.7
Equity Value	3610.2	3613.4

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*440)	390	52	60	73	2	5	11
	420	25	38	53	5	17	23
	460	5	20	32	27	37	43
Brit. Airways (*222)	190	34	—	—	1	—	—
	200	24	34	40	1½	8	11
	220	7	22	30	8	18	22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
LASMO (*378)	330	50	70	79	3½	12	19
	360	32	49	61	12	20	28
	390	16	33	45	26	36	44
Plessey (*228)	200	34	41	47	3½	7	11
	220	18	28	34	8	13	20
	240	8½	18	—	19	24	—
Prudential	1000	105	140	155	10	25	37
	1050	70	105	122	22	40	57
	1100	40	75	92	47	60	75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

October 2. Total Contracts 48,819. Calls 32,698. Puts 16,121. FT-SE Index Calls 1,405. Puts 1,608

*Underlying security price.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (197)

AMERICANS (6), BANKS (5), BREWERS (2), BUILDINGS (7), CHEMICALS (7), STORES (10), ELECTRICALS (15), ENGINEERING (7), FOODS (3), HOTELS (3), INDUSTRIALS (40), INSURANCE (5), LEISURE (7), MOTORS (4), NEWSPAPERS (1), PAPERS (4), PROPERTY (6), SHOES (2), TEXTILES (2), TRUSTS (43), OILS (3), OVERSEAS TRADERS (1), PLANTATIONS (2), MINES (5), THIRD MARKET (2).

NEW LOWS (5)

AMERICANS (2) Allegheny & West., Hasbro, ELECTRICALS (1) Rodime, ENGINEERING (1) Airship Inds., OILS (1) Total-Cie Pet.

LONDON STOCK EXCHANGE DEALINGS

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks

No. of bargains included 8

London County 2½% Cons Stk 1920(or after) – £23 (30Se87)
Greater London Council 6¾% Stk 90/92 – 287 (30Se87)
Birmingham Corp 3% Stk 1947(or after) – £25 (28Se87)
Newcastle-Upon-Tyne(City of) 11¾% Red Stk 2017 – £101¼◆
Salford Corp 5½% Red Stk 86/88 – £94◆

8% Cum Prf £1 – 97
4½% Deb Stk 87/92 – £76¾ (29Se87)
7¼% Deb Stk 87/92 – £86
7% Irrd Uns Ln Stk – £59 (25Se87)
6¾% Irrd Uns Ln Stk – £58 72¾ (25Se87)
Hardys & Hansons PLC Ord 25p – 800 (28Se87)
11¾% Cum Prf £1 – 142 (29Se87)
Higsons Brewery PLC 6¾% Uns Ln Stk 2000/05 – £60 (28Se87)
Mansfield Brewery PLC Ord £1 – 525 30
11½% Deb Stk 2010 – £102½ ¾ (30Se87)
Scottish & Newcastle Breweries PLC 5¾% Cum Prf £1 – 50 (28Se87)

Tendring Hundred Waterworks Co 7¾% Red Deb Stk 91/93 – £85½ (28Se87)

USM Appendix

No. of bargains included 2139

AmBrit International PLC 9% Cnv Uns Ln Stk 1996 – £255 (29Se87)
Avesco PLC Cum Ptg Cnv Red Prf 1997 1p – 107◆
Biomechanics International PLC Ord 5p – 43 5
Colorgen Inc Shs of Com Stk $0.01(Restricted Transfer) – 38 (28Se87)
Continental Microwave (Hldgs) PLC 6.0% Cnv Cum Red Prf 2005 £1 – 120 (30Se87)
Corporate Estates Properties PLC Warrants to sub for Ord – 68
Cramphorn PLC Ord 50p – 780
Dolphin Packaging PLC Ord 5p – 153 4 5 60 60 3
Electron House PLC 6.5% Cnv Cum Red Prf £1 – 127 (25Se87)
Fergabrook Group PLC 12% Cnv Uns Ln Stk 92/97 – £120 (30Se87)
Gibbs Mew PLC Ord 25p – 245
Goodhead Print Group PLC 7% Cnv Cum Red Prf £1 – 145
Heavitree Brewery PLC Ord 25p – 715 25 (25Se87)
"A" Lim Vtg Ord 25p – 690 700 (25Se87)
Hornby Group PLC Ord 5p – 200 200 2 5
Johnson Fry PLC Ord 10p – 175
Knobs & Knockers PLC Ord 10p – 148
Marcol Group PLC Ord 5p – 120 20 2 3 3 5 6 7 8 30
Parkway Group PLC Ord 5p – 252 7 8 80 3 4 7 8
RKF Group PLC Ord 10p – 132
Randsworth Trust PLC 7% Cum Cnv Red Prf £1 – 110 2
Rivlin PLC 5.125% (Net) Cnv Cum Red Prf £1 – 101 (30Se87)
Rockwood Holdings PLC New Ord 10p (Fp/PAL–5/10/87) – 130 2
Ross Consumer Electronics PLC Ord 10p – 225 8 (28Se87)
Scanro Hldgs PLC 7.75% Cnv Cum Red Prf £1 – 200◆
Sigmex International PLC Ord 10p – 112
Splash Products PLC Ord 10p – 85 97 (30Se87)
WSP Holdings PLC Ord 5p – 85 7 8

The Third Market Appendix

No. of bargains included 108

Chemex International PLC Ord 5p – 90 (28Se87)
Medirace PLC Ord 10p – 176 82
Warrants to sub for Ord – 123
Seacon Holdings PLC Ord 25p – 113

RULES 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland Quotations has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 190◆
Acmex Hldgs 245 (28/9)
Acorn Secs 110 11 $A2.625
Air Express Intnl £11 $18⅞ 18¼
Airships Inds 27◆ 9◆ 30◆ 25 8 ½ 9 ½ 30
Alkane Expln $A0.464 (30/9)
Allstate Expln 40◆
Amatil 425 (30/9)
American Barrick Resrs Corp NPV £18¼◆ (29/9)
Ampol Expln 226◆ (25/9)
Amsterdam-Rotterdam Bk £24¾◆ Fl82.7 (30/9)
Aust Oil Gas 110◆ 112◆
Bamboo Gold Mines 8◆ (28/9)
Basic Resrs Intnl (Bahamas) 26 (28/9)
Biocraft Laboratories Com $24¼◆
Black Hill Mins 11

Wattle Gully Gold Mines 17 (30/9)
Westfield Minerals 175 180 (30/9)
Wharf Hldgs HK$10.55◆ 86¼◆ HK$10.8 11 11.163
Wong Industrial Hldgs 23½ (29/9)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Adnams B (£1) £18.50 19 (29/9)
Ansel Metal Corp (£1) 200 10
Appleton (10p) 16
Barbican Hldgs (1p) 4½
Bolton House Invests (5p) 70 5
Carrason (10p) 12 (29/9)
Channel Hotel and Props (10p) 167, 72
Colston (Charles) (£1) 255 (29/9)
Conister Trust 128 (29/9)
Dawson (Wm) (10p) 650 5
Fredericks Place (20p) 115 (30/9)
Greenstar Hotels (10p) 30 ½ 3 (29/9)
Kunick Leisure (10p) 40 3½ 4½ (30/9)
Le Riches Stores (£1) 450
Liverpool FC (£5) £200 (25/9)
London Wall (£1) 267 70 (30/9)
Merrett (10p) 485 90
Nestor-BNA Cm Cnv Prf (1p) 150 (25/9)
Motor Villiers Triumph (1p) 8
Severn Valley Railway (£1) 60 (25/9)
Southern Newspapers (£1) 320 40
Thwaites (Daniel) (£1) 800 2 10 (29/9)
Yelverton Invests 9½pc Cm Cnv 1992 £130 (29/9)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Resources (IR£0.25) 54 6½ 7 8

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WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY OCTOBER 1 1987					WEDNESDAY SEPTEMBER 30 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (91)	167.05	−1.5	153.14	156.36	2.53	169.61	154.70	158.22	180.81	99.92	83.59
Austria (16)	99.84	−0.4	91.54	95.86	2.17	100.20	91.39	95.78	102.87	85.53	93.85
Belgium (48)	125.03	−0.7	114.64	118.71	4.00	125.89	114.82	119.22	134.89	96.19	89.40
Canada (130)	136.61	+0.2	125.25	129.24	2.27	136.30	124.31	129.14	141.78	100.00	97.68
Denmark (38)	115.66	+0.1	106.05	111.69	2.64	115.54	105.38	111.18	124.83	98.18	96.37
France (122)	107.57	+0.0	98.63	103.74	2.67	107.60	98.14	103.56	121.82	98.39	95.30
West Germany (93)	100.46	+0.8	92.11	96.49	1.97	99.66	90.90	95.52	104.93	84.00	94.86
Hong Kong (46)	158.66	+0.6	145.47	159.06	2.98	157.67	143.81	158.06	158.66	96.89	84.00
Ireland (14)	153.34	+2.2	140.60	148.76	3.03	149.97	136.78	145.03	153.34	99.50	81.26
Italy (97)	90.15	−1.3	82.66	89.75	2.14	91.34	83.30	90.59	112.11	84.22	97.83
Japan (458)	143.13	−1.8	131.23	132.91	0.52	145.72	132.91	134.90	161.28	100.00	94.88
Malaysia (36)	174.95	+0.2	160.41	170.91	2.15	174.52	159.18	170.37	193.64	98.24	87.36
Mexico (14)	382.57	+3.0	350.77	658.80	0.45	371.28	338.63	640.16	422.59	99.72	73.39
Netherland (37)	123.74	−0.1	113.45	117.38	3.84	123.86	112.97	117.19	131.41	99.65	97.40
New Zealand (24)	133.21	−1.4	122.13	110.01	2.74	135.10	123.22	110.21	138.99	83.93	75.68
Norway (24)	176.06	+0.7	161.43	161.07	1.70	174.86	159.49	159.55	185.01	100.00	105.13
Singapore (27)	163.99	+0.0	150.35	158.13	1.53	163.91	149.50	158.02	174.28	99.29	89.14
South Africa (61)	180.70	−1.4	165.68	132.81	3.18	183.32	167.20	133.59	198.09	100.00	102.02
Spain (43)	159.02	−0.1	145.80	147.82	2.70	159.21	145.21	147.51	165.92	100.00	99.26
Sweden (34)	131.62	+1.4	120.68	125.97	1.82	129.86	118.44	123.95	132.10	90.85	97.08
Switzerland (53)	108.38	+0.7	99.37	103.44	1.61	107.66	98.19	102.38	110.00	92.01	93.69
United Kingdom (336)	157.73	−0.1	144.62	144.62	3.13	157.82	143.94	143.94	162.87	99.65	90.86
USA (586)	133.70	+1.7	122.59	133.70	2.75	131.41	119.86	131.41	137.42	100.00	97.31
Europe (955)	127.48	+0.0	116.88	119.98	2.78	127.43	116.23	119.46	128.88	99.78	93.79
Pacific Basin (682)	144.43	−1.7	132.43	134.36	0.70	146.91	133.99	136.25	158.77	100.00	94.04
Euro-Pacific (1637)	137.71	−1.1	126.27	128.62	1.47	139.18	126.94	129.55	143.65	100.00	93.95
North America (716)	133.85	+1.7	122.72	133.47	2.72	131.67	120.09	131.31	137.55	100.00	97.33
Europe Ex. UK (619)	108.68	+0.1	99.65	104.56	2.45	108.55	99.01	104.14	111.97	98.02	95.61
Pacific Ex. Japan (224)	160.55	−0.7	147.21	152.51	2.63	161.66	147.45	153.14	164.03	99.92	83.40
World Ex. US (1842)	138.30	−1.0	126.80	129.00	1.52	139.70	127.42	129.88	143.38	100.00	94.13
World Ex. UK (2092)	134.39	+0.0	123.21	129.55	1.85	134.36	122.54	129.31	138.82	100.00	95.80
World Ex. So. Af. (2367)	136.18	+0.0	124.86	130.90	1.97	136.14	124.17	130.61	139.47	100.00	95.32
World Ex. Japan (1970)	133.30	+1.0	122.22	129.97	2.74	132.03	120.42	128.54	134.03	100.00	95.58
The World Index (2428)	136.46	+0.0	125.12	130.95	1.98	136.44	124.45	130.67	139.73	100.00	95.36

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Nov 87		Feb 88		May 88		
GOLD C	$460	79	9.70	—	—	—	—	$454.50
GOLD C	$480	199	4	42	14.50	—	—	"
GOLD C	$500	56	2.60A	1	10	10	18	"
GOLD C	$520	50	0.80	2	6	—	—	"
GOLD P	$400	30	1.50	—	—	—	—	"
GOLD P	$440	—	—	—	—	15	8.50	"
		Dec. 87		Mar. 88		June 88		
SILVER C	$800	10	20	—	—	—	—	$751
SILVER C	$900	8	11	—	—	—	—	"
		Oct. 87		Nov. 87		Dec. 87		
£/Fl C	Fl.340	200	0.70	—	—	—	—	Fl.335.91
		Oct. 87		Nov. 87		Dec. 87		
$/Fl C	Fl.200	10	6.80	—	—	—	—	Fl.207.35
$/Fl C	Fl.205	188	2.70	—	—	20	3.70	"
$/Fl C	Fl.210	10	0.30	30	1.30	20	1.60	"
$/Fl P	Fl.200	—	—	—	—	7	1.60	"
$/Fl P	Fl.205	2	0.60B	—	—	11	3.20	"
$/Fl P	Fl.235	—	—	—	—	12	28.80	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.48	263	0.40	242	2.70	13	4.20	Fl.46.60
ABN P	Fl.48	324	2	281	2.70	5	3.10	"
AEGON C	Fl.100	35	0.10	4	2	—	—	Fl.89.30
AEGON P	Fl.85	—	—	27	2.80	—	—	"
AHOLD C	Fl.110	6	6	80	9.50	—	—	Fl.103.80
AHOLD P	Fl.90.90	3	13.50A	—	—	—	—	"
AHOLD P	Fl.109.10	36	5.50	—	—	—	—	"
AKZO C	Fl.180	629	1.80A	402	9.60	11	14.10	Fl.176.90
AKZO C	Fl.170	88	0.50	109	6	25	8	"
AMEV C	Fl.75	100	0.10	—	—	—	—	Fl.60.50
AMEV P	Fl.60	7	1	72	2.30	13	3.50	"
AMRO C	Fl.85	168	0.50	12	3.60	10	5.60	Fl.82.40
AMRO P	Fl.80	53	0.50	44	2.50B	10	3.30	"
ELSEVIER C	Fl.65	58	0.30	238	3.30	4	4	Fl.59
ELSEVIER P	Fl.55	—	—	241	2.20	30	3.70	"
GIST-BROC. C	Fl.50	405	0.70	73	3.30	8	4.60	Fl.49.50
GIST-BROC. P	Fl.45	10	0.10	25	1.10	55	2.50	"
HEINEKEN C	Fl.180	14	1	37	7.70	—	—	Fl.173.50
HEINEKEN P	Fl.180	73	7.20	—	—	—	—	"
HOOGOVENS C	Fl.50	21	0.40	55	3	3	4.90	Fl.46.80
HOOGOVENS P	Fl.40	100	0.10	15	1	—	—	"
KLM C	Fl.50	385	4.60	63	7.20	5	9	Fl.54.70
KLM P	Fl.50	—	—	22	1.60	122	2.80	"
NEDLLOYD C	Fl.180	51	12.20	—	—	—	—	Fl.192
NEDLLOYD P	Fl.120	—	—	40	0.70	—	—	"
NAT.NED. C	Fl.80	90	0.10	86	2.10	43	3.60	Fl.74
NAT NED P	Fl.70	4	0.30	43	1.80	—	—	"
PHILIPS C	Fl.55	134	0.30	812	2	114	3.10	Fl.51.70
PHILIPS P	Fl.50	25	0.30	390	1.80	7	2.80	"
ROYAL DUTCH C	Fl.270	424	3.10	145	12	—	—	Fl.268.40
ROYAL DUTCH P	Fl.270	162	4.30	135	9.50	9	19.20	"
ROBECO C	Fl.100	15	12.50	—	—	15	17	Fl.112
UNILEVER C	Fl.140	402	1.80A	162	8.80A	55	12.70B	Fl.139.50
UNILEVER P	Fl.136	70	0.60	118	5	—	—	"

TOTAL VOLUME IN CONTRACTS: 25,815

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat. Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sovewise 7.46%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 11.125%.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	6,500	207	−4	ICI	2,300	£16⅝	+0¼
Allied Lyons	1,000	441	—	Jaguar	1,100	575	+1
Amstrad	3,400	179	−4½	Ladbroke	1,100	456	+1
Argyll Group	3,000	248	+1	Land Securities	561	603	+2
Assoc. Brit. Foods	188	372	+2	Legal & Gen.	1,600	360	—
BAA	2,500	145	—	Lloyds Bank	1,600	364	−6
BAT	2,800	704	+8	Lonrho	2,700	335½	+2
BET	6,000	302	+8	Lucas	1,000	793	+2
BICC	946	422	+2	MEPC	218	560	—
BOC	509	549	—	Marks & Spencer	3,400	240	+1½
BPB Inds	1,000	340	−8	Midland Bank	3,700	550	+2
BPCC	2,200	358	−4	Natwest Bank	3,000	760	+2
BTR	1,600	360	−2	Next	1,100	366	−5
Barclays	3,100	620	+11	Pearson	282	956	+8
Bass	1,300	£10	—	P & O	797	731	−7
Beecham	970	576	−2	Pilkington Bros	2,700	331	−7
Blue Arrow	5,000	167	−1	Plessey	27,000	227½	+6½
Blue Circle	1,200	495	+6	Prudential	306	£11	+0⅛
Boots	1,100	306	—	Racal	5,500	343	—
Brit. Airways	6,700	222	+3	Rank Org.	572	719	+6
Brit. Aero	1,800	539	+5	RHM	1,100	367	−1
Brit. & Comm.	171	527	—	Reckitt & Col	345	£10¼	+0⅛
British Gas	15,000	175½	+2½	Redland	3,000	525	+5
Britoil	3,800	333	−3	Reed Intl.	2,900	620	+11
BP	2,700	375	−1	Reuters	149	906	—
Brit. Telecom	9,100	269	+2½	RTZ	442	£13⅝	—
Bunzl	1,600	246	+3	Rolls-Royce	5,800	214	+3
Burton	1,800	292	+2	Rothmans Intl	358	453	−2
Cable & Wire	4,200	507	+3	Rowntree	148	560	−2
Cadbury Schweps	2,000	284	—	Ryl Bank Scotland	148	418	+1
Coats Viyella	1,000	420	−0½	Royal Insurance	4,000	590	+22
Comm. Union	4,300	419	+6	STC	11,000	290	—
Cons. Gold	599	£14⅛	+0⅛	Sainsbury	247	281	−1
Cookson	798	819	+4	Scott & Newcastle	2,200	262	+3
Courtaulds	1,300	532	+3	Sears	1,900	175½	—
Dee Corpn	4,400	215	−2	Sedgwick	2,100	296	−1
Dixons Group	1,900	392	+4½	Shell Trans	469	£13¼	—
English China Clays	4,100	566	−13	Smith & Nephew	477	189	−1
Fisons	1,400	356	—	Standard Chart	206	824	−4
Gen. Accident	159	£11¼	+0¼	Storehouse	9,000	413	+6
Gen. Elect	7,200	234	+4½	Sun Alliance	519	£11⅞	—
Glaxo	1,200	£17⅞	+0⅛	TSB	13,000	141	+1½
Globe Investment	377	192	+0½	Tarmac	1,200	304	—
Granada	365	356	+3	Tesco	7,800	193	−2
Grand Met	1,300	570	+1	Thorn EMI	1,900	730	+6
GUS "A"	823	£13⅞	−0⅛	Trafalgar House	4,700	425	+15
Guardian R.E.	294	£11⅛	—	T'house Forte	3,500	277	+6
GKN	777	413	+1	Ultramar	8,400	314	+15
Guinness	811	375	—	Unilever	653	632	−2
Hammerson	185	690	−3	United Biscuits	1,400	327	+6
Hanson Trust	5,600	182½	+2	Wellcome	689	547	+2
Hawker Sidd	5,600	598	+2	Whitbread "A"	3,600	336	+8
Hillsdown Hldgs	972	345	−1	Woolworth	468	362	+2

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday October 1 1987

Mining Finance	+99.58	500 Share Index	+45.33
Publishing and Printing	+84.23	Packaging and Paper	+45.23
Textiles	+68.63	Consumer Group	+44.80
Overseas Traders	+68.38	Capital Goods	+44.78
Property	+66.82	Industrial Group	+44.43
Metals and Metal Forming	+65.09	Electricals	+43.74
Contracting, Construction	+63.86	Other Groups	+43.40
Health and Household Products	+59.74	Financial Group	+42.85
Agencies	+56.17	Insurance (Life)	+41.43
Shipping and Transport	+52.32	Food Manufacturing	+41.18
Chemicals	+51.19	Electronics	+39.45
Oils and Gas	+50.70	Investment Trusts	+38.26
Merchant Banks	+50.05	Mechanical Engineering	+36.97
Golds Mines Index	+49.20	Food Retailing	+36.35
Motors	+49.03	Conglomerates	+34.88
Insurance (Composite)	+48.97	Stores	+33.56
Leisure	+47.99	Brewers and Distillers	+30.54
Other Industrial Materials	+46.95	Telephone Networks	+29.49
Building Materials	+46.14	Banks	+25.65
All Share Index	+45.42	Insurance Brokers	+14.23

RISES AND FALLS

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	55	36	22	284	205	76
Corporations, Dom. and Foreign Bonds	4	17	34	46	50	179
Industrials	554	340	684	2,906	1,695	3,292
Financial and Props.	216	84	317	1,169	456	1,458
Oils	35	25	53	184	128	254
Plantations	4	0	10	20	9	41
Mines	41	62	87	191	337	422
Others	104	51	94	487	376	362
Totals	1,013	615	1,301	5,287	3,256	6,084

BANK RETURN

BANKING DEPARTMENT	Wednesday September 30, 1987	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	97,068,807	+ 5,003,199
Bankers Deposits	933,806,312	+ 25,989,318
Reserve and other Accounts	2,039,881,840	+ 103,617,228
	3,085,309,959	+ 134,609,745
ASSETS		
Government Securities	715,908,181	− 22,707,868
Advance and other Accounts	1,042,246,614	+ 133,808,786
Premises Equipment & other Secs	1,315,149,201	+ 24,307,423
Notes	11,757,748	− 775,455
Coin	248,215	− 23,141
	3,085,309,959	+ 134,609,745

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	13,228,242,252	+ 40,775,455
Notes in Banking Department	11,757,748	− 775,455
	13,240,000,000	+ 40,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	8,850,077,952	+ 653,460,949
Other Securities	4,378,906,948	− 613,460,949
	13,240,000,000	+ 40,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers—Contd.

Gilt	80.3	80.7	-0.3	8.02
(Accum Units)	105.0	105.5	-0.4	8.02
Global Fund	54.9	58.0	----	0.64
(Accum Units)	54.9	58.0	----	0.64
High Income Fund	56.1	59.3	----	4.41
(Accum Units)	57.0	60.3	----	4.41
High Interest Fund	44.5	47.0	----	9.56
(Accum Units)	45.8	48.4	----	9.56
Income	132.3	140.0	----	2.87
(Accum Units)	152.8	161.6	----	2.87
International	312.4	330.5	----	1.73
(Accum Units)	390.8	413.9	----	1.73
Japan	223.6	226.0	+0.7	0.91
(Accum Units)	219.3	232.0	+0.8	0.91
Pacific Fund	62.9	66.5	+0.1	0.10
(Accum Units)	62.9	66.5	+0.1	0.10
Recovery	341.8	361.6	----	1.97
(Accum Units)	371.6	393.2	----	1.97
UK Smaller Co's Fund	58.2	62.8	----	1.61
(Accum Units)	58.7	62.1	----	1.62

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Sept 30	636.5	644.5	----	1.05

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	66.3	70.5xd	-1.5	4.26
Accum Units	67.1	71.5xd	-1.5	4.27
UK Growth Fund Acc	67.8	71.6	+0.7	1.40
Global Income Fund	52.2	55.5	+1.1	3.60
Accum Units	52.2	55.5	+1.1	3.60
Global Growth Fund	51.6	54.7	+0.5	0.46

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	135.4	143.7	+0.7	1.07
(Accum Units)	187.1	198.6	+1	1.07
Commodity & Gen.	202.2	214.6	-0.5	1.25
(Accum Units)	288.6	306.3	-0.7	1.25
European Growth	136.8	145.2	+1	0.96
(Accum Units)	165.1	175.2	+1.3	0.96
Extra High Inc.	75.9	80.5xd	+0.1	6.19
(Accum Units)	94.4	100.1	+0.1	6.19

[illegible]

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	126.2	134.3	----	0.75
PM Income and Growth	107.9	114.8xd	----	2.89
PM N American Growth	58.6	62.5	----	0.33
PM European Growth	52.9	56.2	----	0.55
PM Japan Growth	72.7	76.2	----	0.35
PM Overseas Growth	57.5	61.2	----	0.42

Prudential Holborn Unit Trusts Ltd(a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn UnitLine 0800 010345

Holborn Comm Tst.	86.7	91.7	+0.8	0.73
Holborn Equity Income	78.2	82.7xd	+0.6	3.12
Holborn Equity Tst.	625.8	660.1xd	-3.6	2.05
Holborn European Tst.	136.9	139.5	+1.2	0.68
Holborn Gilt Tst.	207.4	216.9	-0.6	2.20
Holborn High Inc Tst.	92.9	98.3xd	+0.6	4.37
Holborn Intl Grth Tst.	129.4	136.7	+0.9	0.64
Holborn Intl Sm Cos	48.6	51.4	+0.4	0.05
Holborn Japanese Tst.	139.5	147.4xd	+0.9	0.06
Holborn N. Amer. Tst.	102.9	108.7	+1.5	0.45
Holborn Sm Cos Tst.	84.5	89.4	+0.5	1.58
Holborn Spec Sits Tst.	114.8	121.0	+0.8	1.21
Holborn UK Growth Tst.	124.9	132.1xd	+0.4	1.42

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd.	683.7	723.5	----	1.35
Quadrant Income	344.3	364.4	----	3.66
Quadrant Intl. Fund	454.9	481.9	----	1.04
Quadrant Spec. Sits	481.9	510.0xd	----	1.14

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	259.4	275.9	+0.2	2.18
Reliance Unit Tst (Inc)	182.6	193.1	+1.0	1.36
Reliance UK Tst (Acc)	244.4	259.9	+1.3	1.36

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	51.5	54.3	----	1.49

[illegible]

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Gilt-Edged Int.	223.1	...	—
Do Accum	277.6	...	—
Guaranteed Int.	159.1	...	—
Do Accum	196.3	...	—
International Inv.	522.5	...	—
Do Accum.	643.8	...	—
Index Lk. Gilt Int.	133.5	...	—
Do. Accum.	164.6	...	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	320.6	+0.2	—
Property Pens.	494.1	+0.3	—
Equity	206.8	+0.6	—
Equity Pens.	950.4	+4.1	—
Money Market	299.8	-0.9	—
Money Mkt. Pens.	233.0	-1.5	—
Deposit	240.0	+0.1	—
Deposit Pens.	394.8	+0.2	—
Managed	308.6	+1.5	—
Managed Pens.	605.6	+3.4	—
Intl. Equity	368.4	+2.1	—
Do. Pens.	605.7	+1.9	—
Intl. Managed	335.6	+1.2	—
Do. Pens.	506.0	+2.2	—
North American	137.5	+1.8	—
Do. Pens.	160.4	+3.0	—
Far East	305.0	-2.5	—
Do. Pens.	454.7	-5.9	—
Intnl. Currency	169.9	+0.2	—
Do. Pens.	219.7	+0.4	—
Index Linked	125.7	+0.3	—
S & C Managed Fd	144.1	+0.2	—
S & C Pens Mngd Fd	118.5	+0.1	—
Bell Chambers	131.3	+0.1	—
Loran & Loran	120.7	+0.7	—
Trustlink Life Funds			
Per Worldwide Rec.	173.7	+0.6	—
Per Far East Growth	225.7	-1.5	—
Per Intl Growth	166.3	-0.2	—
Per Income	180.1	+0.6	—
Per Emerging Co's	166.5	+0.3	—
Per American Growth	150.5	+0.4	—
Per European Growth	139.7	+1.0	—
Fra American & Gen	125.7	-1.1	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683986

NUAM Funds				
Managed Fund	58.9	62.1	+0.1	—
Stock Market Mngd Fund	61.1	64.4	+0.2	—
Equity Fund	66.2	69.7	—	—
International Fund	57.5	60.6	+0.5	—
European Fund	60.4	63.6	+0.4	—
North American Fund	51.9	54.7	+0.6	—
Pacific Fund	66.5	69.8	+0.5	—
Property Fund	52.9	55.7	—	—
Fixed Interest Fund	48.1	50.7	-0.1	—
Index Linked Sec Fund	45.0	47.4	-0.1	—
Deposit Fund	53.6	54.4	—	—
NUAM Retirement Plans				
Mixed Fund	63.5	66.9	—	—
UK Ordinary Share	76.9	81.0	—	—
International Fund	58.9	62.0	—	—
Property Fund	52.8	55.6	—	—
Fixed Interest Fund	49.9	52.6	—	—
Index Linked Sec Fund	45.3	47.7	—	—
Deposit Fund	53.6	56.5	—	—
NUAM (NF)				
Managed Fund	813.0	855.8	+1.3	—
Equity Fund	1775.7	1869.2	+0.9	—
Property Fund	328.8	346.2	—	—
Fixed Interest Fund	354.3	373.0	-1.3	—
Deposit Fund	210.9	222.0	+0.1	—
International Fund	149.2	157.1	+1.1	—
Index Linked Sec Fund	45.1	47.5	—	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster* & Unit-Linked Plan*				
Fixed Interest Fund	249.8	262.9	—	—
Index-Linked Sec Fund	128.2	134.9	—	—
Ordinary Share Fund	558.4	587.7	—	—
International Fund	151.0	158.9	—	—
Property Fund	164.7	173.3	—	—
Deposit Fund	168.0	176.8	—	—
Mixed Fund	353.6	372.2	—	—
Norwich Units Sep 15		1018.4	—	—

*Prices as at June 30.

Pearl Assurance (Unit Funds) Ltd

[illegible]

Provincial Life Assurance Co Ltd
Stramongate, Kendal, Cumbria [illegible]

Managed Fd	602.8
Cash Fd	210.2
Property Fund	227.9
Equity Fund	721.5
Fxd. Int. Fund	275.3
International	358.8
High Income	511.7
Far East	474.4
North American	271.6
Special Sits.	693.6
Technology	305.3
Extra Inc Fd.	291.0
Convertible & Gilt Fd	167.7
American Income	118.0
Gilt Fund 20	271.1
European Fund	110.9
Managed Pens. Acc.	567.1
Deposit Pens. Acc.	207.2
Property Pens. Acc.	218.5
Fix. Int. Pens. Acc.	327.3
Equity Pens. Acc	777.9
International Pens Acc.	306.1
High Inc Pens Acc	914.2
Tech Pens Acc.	201.6
N American Pens Acc	192.6
Far Eastern Pens Acc.	435.2
Special Sits Pens Acc.	950.0
Extra Income Pens Fd.	325.4
Convertible & Gilt Pen	178.3
American Inc Pens	150.5
European Pens	116.7
Broker Funds	
ICSA Managed Fund	166.8
McKenna Mngd Fund	176.4
Acorn Managed Fund	186.8
Portfolio 2000	178.1
Allied Anglo Mngd Fd.	150.1
Brian Foster Mngd. Fds.	149.7
Archer Managed	143.4
Boston Intnl Managed	125.8
BFP PR Inv Port.	124.5
Chippendale	114.1
De Bara Flexible In Bd.	110.6
Hinton Hill W'wide Per	116.3
Dowen Inc & Growth	109.1

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

[illegible]

Money Market Bank Accounts

[illegible]

UNIT TRUST NOTES

[illegible]

Money Market Trust Funds

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¾	100⅞	Treas. 12pc 1987	100⅛xd	.....	11.98	9.819
99[illegible]	97[illegible]	Treas 7¾pc 1985-88‡‡	99[illegible]	.....	7.80	9.58
102[illegible]	99[illegible]	Exch 10½pc '88	100[illegible]	+[illegible]	10.49	10.19
101[illegible]	98[illegible]	Treas 9¾pc Cv '88	99[illegible]	.....	9.78	10.19
97[illegible]	93[illegible]	Transport 3pc '78-88	96[illegible]	+[illegible]	3.10	7.67
101[illegible]	98[illegible]	Treas. 9½pc '88	99[illegible]xd	–[illegible]	9.57	10.22
105[illegible]	101[illegible]	Treas 11½pc 1989	101[illegible]	–[illegible]	11.34	10.31
102[illegible]	97[illegible]	Treas 9½pc Cnv 1989	99[illegible]xd		9.60	10.24
94[illegible]	89[illegible]	Treas 3pc 1989	93[illegible]	+[illegible]	3.22	7.61
104[illegible]	99[illegible]	Treas 10½pc 1989	100[illegible]	–[illegible]	10.47	10.30
103[illegible]	98[illegible]	Exch 10pc 1989	99[illegible]	.....	10.06	10.31
105[illegible]	100[illegible]	Exch 11pc 1989	101[illegible]xd		10.87	10.29
95[illegible]	89[illegible]	Treas 5pc 1986-89	93[illegible]xd	+[illegible]	5.36	8.68
108[illegible]	99[illegible]	Exch 10½pcCv '89	100[illegible]	.....	10.21	9.97
111[illegible]	105	Treas 13pc 1990‡‡	105[illegible]	.....	12.31	10.12
106[illegible]	100[illegible]	Exch 11pc 1990‡‡	101[illegible]	+[illegible]	10.83	10.20
110[illegible]	104[illegible]	Exch. 12½pc 1990	104[illegible]xd	–[illegible]	11.92	10.20
91[illegible]	84[illegible]	Treas. 3pc 1990	88[illegible]xd	+[illegible]	3.38	7.86
100[illegible]	93[illegible]	Treas 8¼pc 1987-90‡‡	95[illegible]	+[illegible]	8.62	10.10
105	97[illegible]	Treas. 10pcCv 1990	99[illegible]xd		10.05	10.20
89[illegible]	81[illegible]	Exch 2½pc 1990	85[illegible]	+[illegible]	2.91	7.42
110[illegible]	102[illegible]	Treas 11¾pc 1991	104	+[illegible]	11.30	10.25
95[illegible]	87[illegible]	Funding 5¾pc '87-91‡‡	89[illegible]xd	–[illegible]	6.42	9.31
89[illegible]	80[illegible]	Treas. 3pc 1991	84[illegible]	+[illegible]	3.54	7.96
110[illegible]	99	Treas 10pc Cv '91 ‡‡	100[illegible]	.....	9.95	9.83
109[illegible]	101[illegible]	Exch. 11pc 1991	102[illegible]xd	+[illegible]	10.73	10.21
96[illegible]	91[illegible]	Treas. 8pc 1991	92[illegible]	–[illegible]		
116[illegible]	107[illegible]	Treas 12¾pc 1992‡‡	108[illegible]	.....	11.77	10.27
106[illegible]	97[illegible]	Treas 10pc 1992	99[illegible]	+[illegible]	10.08	10.21
99[illegible]	90[illegible]	Treas. 8pc 1992 ‡‡	92[illegible]xd	+[illegible]	8.70	10.25
108[illegible]	99[illegible]	Treas 10½pc Cv 1992‡‡	100[illegible]xd	+[illegible]	10.40	10.23
85[illegible]	79[illegible]	Treas. 3pc 1992	80	+[illegible]	3.74	8.03
115[illegible]	106[illegible]	Exch. 12¼pc '92	107[illegible]	–[illegible]	11.43	10.31
121[illegible]	110[illegible]	Exch 13½pc 1992	111[illegible]	–[illegible]	12.07	10.37
		Five to Fifteen Years				
107[illegible]	97[illegible]	Treas 10pc 1993‡‡	98[illegible]xd	–[illegible]	10.12	10.27
118[illegible]	108[illegible]	Treas 12½pc 1993‡‡	109	–[illegible]	11.45	10.32
95[illegible]	82[illegible]	Funding 6pc 1993‡‡	87[illegible]xd	+[illegible]	6.86	8.75
125[illegible]	113[illegible]	Treas 13¾pc 1993‡‡	114[illegible]	–[illegible]	11.97	10.31

[illegible]

		Over Fifteen Years				

[illegible]

BRITISH FUNDS—Contd

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Undated				
45[illegible]	40[illegible]	Consols 4pc	41[illegible]	+[illegible]	9.81	—
40[illegible]	35[illegible]	War Loan 3½pc‡‡	36[illegible]	–[illegible]	9.69	—
51[illegible]	47	Conv. 3½pc '61 Aft.	47[illegible]xd	–[illegible]	7.29	—
34[illegible]	30[illegible]	Treas. 3pc '66 Aft.	30[illegible]xd	.....	9.86	—
28[illegible]	25[illegible]	Consols 2½pc	25[illegible]xd	+[illegible]	9.88	—
28[illegible]	25	Treas. 2½pc	25[illegible]xd	+[illegible]	9.78	—

Index-Linked

1987 High	Low	Stock	(b)	Price £	+ or –	(1)	(2)
131[illegible]	125[illegible]	Treas. 2pc '88	(297.1)	131[illegible]xd	+[illegible]	—	—
117[illegible]	108[illegible]	Do. 2pc '90	(313.9)	114[illegible]	–[illegible]	1.89	3.07
99[illegible]	93[illegible]	Do. 2pc '92‡‡	(385.8)	95[illegible]	–[illegible]	2.80	3.44
128[illegible]	119[illegible]	Do. 2pc '96	(267.9)	123[illegible]xd	–[illegible]	3.78	4.12
111[illegible]	101[illegible]	Do 2½pc '01	(308.8)	102[illegible]xd	–[illegible]	4.12	4.39
110	99[illegible]	Do. 2½pc '03	(310.7)	99[illegible]	–[illegible]	4.12	4.36
113[illegible]	101[illegible]	Do. 2pc '06	(274.1)	101[illegible]	–[illegible]	4.08	4.27
108	95[illegible]	Do. 2½pc '09	(310.7)	95[illegible]	–[illegible]	4.02	4.20
113[illegible]	100	Do. 2½pc '11	(294.1)	100[illegible]	–[illegible]	3.98	4.15
95[illegible]	83[illegible]	Do. 2½pc '13	(351.9)	83[illegible]	–[illegible]	3.94	4.10
103[illegible]	90[illegible]	Do. 2½pc '16	(322.0)	90[illegible]	–[illegible]	3.85	4.03
101[illegible]	88[illegible]	Do. 2½pc '20	(327.3)	88[illegible]xd	–[illegible]	3.78	3.94
86[illegible]	74[illegible]	Do. 2½pc '24 ‡‡	(385.3)	75[illegible]	–[illegible]	3.71	3.85

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for January 1987: 100.0 and for August 1987: 102.[illegible] (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
113[illegible]	98[illegible]	African Dv Bk 11¼Ln 2010	100[illegible]xd	–[illegible]	11.10	11.08
109[illegible]	94[illegible]	Asian Dev Bk 10¼pcLn2009	95[illegible]	–[illegible]	10.70	10.76
136	118[illegible]	Australia 13½pc 2010	120[illegible]	–[illegible]	11.17	10.98
118[illegible]	102[illegible]	Do. 11½pcLn2015	103[illegible]	–[illegible]	10.96	10.94
115[illegible]	101[illegible]	Euro Inv Bk 11pc Ln 2002	102[illegible]	–[illegible]	10.74	10.65
110[illegible]	96[illegible]	Do. 10¼pc2004	97[illegible]	–[illegible]	10.63	10.66
126[illegible]	111[illegible]	Int-Am Dev Bk 12½pc 2003	112[illegible]xd	–[illegible]	11.09	10.76

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53	.....	3.50	16.60
52	40	Do. 6pc 28 Stb. Ass.	52xd	.....	3	15.77
50	45	Do 4pc Mixed Ass.	50xd	.....	2	14.23
66	58	Hung. '24 Ass.	65	.....	2.75	14.23
146½	127[illegible]	Hydro Quebec 15pc 2011	129[illegible]	–[illegible]	15.00	11.34
136[illegible]	115½	Iceland 14½pc Ln 2016	121½xd	–[illegible]	14.50	11.83
103½	94	Ireland 9¾pc '91-96	94[illegible]xd	.....	9.75	11.64

AMERICANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'w	Y'ld Gr's
42	32[illegible]	Abbott Laboratories[illegible]	36[illegible]	+½	$1.00	—	1.7
40[illegible]	24[illegible]	Alcoa $1	38[illegible]	+½	$1.20	—	1.9
18[illegible]	10[illegible]	Allegheny & W $0.01	10[illegible]	–[illegible]	30c	—	1.7
19[illegible]	8[illegible]	Amax $1	17[illegible]	–[illegible]	—	—	—
29[illegible]	17[illegible]	Amdahl 5c	29[illegible]	+[illegible]	20c	—	0.4
35[illegible]	25[illegible]	Amer. Cyanamid $5	31[illegible]	+[illegible]	$1.90	—	3.7
25[illegible]	18	Amer. Express $0.60	22[illegible]xd	+1	$1.44	—	3.8
12[illegible]	994p	Amer. Medical Int. $1	10[illegible]	.....	[illegible]72c	—	4.4
22[illegible]	14[illegible]	American T. & T. $1	21[illegible]	+[illegible]	$1.20	—	3.4
63	46[illegible]	Ameritech $1	59[illegible]	+[illegible]	n$4.72	—	4.9
24[illegible]	15[illegible]	Amfac[illegible]	24	.....	—	—	—
25	17[illegible]	Anheuser-Busch $1	23[illegible]xd	+½	$2.00	—	5.3
98p	45p	[illegible]ArkITech[illegible]	87p	–2	—	—	—
10[illegible]	6[illegible]	BankAmerica $1 [illegible]	6[illegible]	.....	—	—	—
34[illegible]	25[illegible]	Bankers N.Y. $10	29[illegible]	+[illegible]	$1.66	—	3.5
452p	279p	BASIX Corp.	354p	.....	12c	—	2.1
49[illegible]	36[illegible]	Bell Atlantic $1	47[illegible]	.....	$3.84	—	5.0
27	21	BellSouth Corp.	26[illegible]	+[illegible]	$2.04	—	4.7
11[illegible]	4[illegible]	[illegible]Bethlehem Steel $8	11[illegible]	+1[illegible]	—	—	—
20[illegible]	10[illegible]	Bio-Rad Labs. Inc. 'A'	14[illegible]	.....	—	—	—
27[illegible]	18[illegible]	Bowater Inc.	27[illegible]	+1[illegible]	80c	—	1.8
21[illegible]	15[illegible]	Browning-Ferris 16⅔c	20[illegible]xd	+[illegible]	b40c	—	1.2
18[illegible]	12[illegible]	Brunswick	17½	+[illegible]	30c	—	1.1
36[illegible]	25[illegible]	CPC Intnl. 25c	33[illegible]xd	+[illegible]	[illegible]$1.24	—	2.3
25[illegible]	18	CSX Corp U.S.$1.00	25[illegible]	+1[illegible]	$1.16	—	2.8
25[illegible]	17[illegible]	CalFed Inc $1.00	20[illegible]	+[illegible]	60c	—	1.8
43[illegible]	36[illegible]	Campbell Soup 30c	41[illegible]	+1[illegible]	$1.44	—	2.2
45[illegible]	27[illegible]	Caterpillar Inc $1.00	45[illegible]xd	+[illegible]	50c	—	0.7

[illegible]

Continued on next page

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
39	27¼	Rep NY Corpn $5	33⅝	−⅛	$1.16	—	2.1
18¼	14⅛	Rockwell Intl. $1	14⅞	−⅛	66c	—	2.7
30⅛	22⅞	Sara Lee $1	28xd	+⅛	$1.00	—	2.2
11½	8⅞	Saul (B. F.) $1	11½	.....	20c	—	1.1
27½	21¼	Southwestern Bell $1	27½	+½	b$2.32	—	5.2
19¾	14¼	Staley Continental	19¾	+⅛	80c	—	2.6
44⅞	34⅝	Sun Co. Inc. $1	38⅞	+1⅛	$3.00	—	4.7
42¼	28⅜	TRW Inc. $0.625	39⅞	+⅞	b$1.60	—	2.5
34⅞	25⅞	Tenneco $5	34⅞	+⅛	$3.04	—	5.3
220	149½	Do. 10pcLn.Stk. 91-5	220xd	.....	10%	—	14.7
29¾	17⅞	Texaco $6.25	25⅞xd	+⅞	$3.00	—	7.3
74⅛	47¼	Time Inc. $1	65⅞xd	+⅞	$1.00	—	0.9
19¾	11	Tracor $0.33	19¼xd	+⅛	40c	—	1.2
30¼	18⅞	Transamerica $1	26⅞xd	+⅞	$1.84	—	4.2
14⅞	1¼	Transworld Corp $5	12¼	+⅛	20c	—	1.0
27	14⅞	TRINOVA Corp.	26⅞	+1⅛	k$1.00		2.3
24⅞	15⅛	USX $1	23¼	+⅛	$1.20	—	3.2
19¼	15⅛	Union Carbide $1	18⅞	+1½	$1.50	—	4.9
37⅞	26⅞	Utd. Technologies	35⅞xd	−⅛	$1.40	—	2.4
38⅝	27	US West	36⅝	.....	$3.28	—	5.5
30½	17⅞	Waste Management $1	28⅞	+⅛	—	—	—
£31⅛	£20½	Whirlpool $1.0	£22⅞	+⅛	—	—	—
37⅛	26	Woolworth $3½	30⅞	+⅛	$1.32	—	2.6

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
412	305	PWS Holdings 10p	348	.....	ø10.5	2.9	4.2	12.7
495	316	Pearl Group 5p	495	+12	†10.5	—	2.9	—
*£11¼	804	Prudential	£11	+¼	†29.0	—	3.6	—
588	453	Refuge 5p	588	+13	15.75	—	3.7	—
593	429	Royal	590xd	+22	†15.5	—	3.6	—
103	93	Sahire Ins. Inv.	103	.....	—	—	—	—
*345	274	Sedgwick Group 10p	296	–1	12.0	1.7	5.6	12.6
339	207	Steel Burrill J.10p	239	+2	†9.0	2.0	5.2	13.3
668	403	Stewart Wr. 20p	618	.....	†13.0	2.0	2.9	21.9
612	377	Sturge Hldgs 20p	513	+3	†6.0	2.5	1.6	33.6
[illegible]	645	Sun Alliance	£11¾	.....	†23.5	—	2.7	—
£12¾	929	Sun Life 5p	£12¼xd	.....	†28.5	—	—	—
[illegible]	£39	¥Taisho M EDR	[illegible]	+½	[illegible]	—	0.9	—
[illegible]	[illegible]	Torchmark $1.00	[illegible]	+½	Q$1.00	—	3.2	—
385	235	Trade Indemnity	385xd	.....	†4.3	—	1.5	—
£34	[illegible]	Travelers $1.25	[illegible]	–⅛	$2.28	—	9.0	—
[illegible]	[illegible]	USF & G Corp $2.50	[illegible]	+⅛	Q$2.48	—	6.2	—
[illegible]	[illegible]	USLIFE Corp. $1.0	[illegible]	+⅛	Q$1.20	3.2	3.0	5.4
728	555	♦Utd Friendly B 10p	728	.....	21.0	—	4.0	—
464	345	Willis Faber 12½p	425xd	–5	†10.75	2.4	3.5	16.2
128	41	Windsor Secs. 10p	115	.....	†0.7	1.5	0.8	—

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	13½	♦A & M Group 10p	27	+1	—	—	—	♦
242	181	Airtours 10p	192	.....	R5.4	2.5	4.0	14.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
41	15	Do. Warrants	17	+1	—	—	—	—
186	101	Far East Res. 10p	165	–1	—	—	—	—
108	54	Gardner (J.) 5p	97	.....	R1.25	2.3	1.8	33.6
53	29	Honorbilt Group 5p	49	–1	—	—	—	41.2
133	115	Leading Leisure 5p	125	.....	0.9	3.1	1.0	36.1
90	68	Lyns Tech. 5p	85	.....	b—	—	—	9.8
180	115	Medirace 10p	180	+2	—	—	—	—
82	17	Publishing Hldgs.5p	71	+3	b—	—	—	41.1
87	45½	Theme Holdings	72	.....	1.0	1.9	1.9	38.6
187	140	UPL Group 10p	187	+2	L2.41	2.8	1.8	—
140	111	Unit Group	140ø	.....	R4.6	2.5	4.5	(10.0)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ø Figures or report awaited.
- ¥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	98xd	......	Fin. 13% 97/02	£107⅞	......
Craig & Rose £1	763	+33	Arnotts	375	+10
Finlay Pkg. 5p	111xd	+1	CPI Hldgs	85	......
Holt (Jos) 25p	£10½	......	Carrol Inds.	192	–3
IoM Stm. £1	278	......	Dublin Gas	40ø	......
			Hall (R. & H.)	195	–5
IRISH			Heiton Hldgs.	75	–3
Fund 11¼% 1988	£100¼xd	+⅛	Irish Ropes	185	......
Nat. 9¼% 84/89	£98⅞	......	Unidare	420	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	40	NEI	13
Amstrad	19	Nat West Bk	65
BAT	62	P & O Dfd	65
BOC Grp.	50	Plessey	20
BSR	17	Polly Peck	34
BTR	36	Racal Elect	32
Babcock	52	RHM	35
Barclays	52	Rank Org Ord	70
Beecham	52	Reed Intnl	50
Blue Circle	50	STC	30
Boots	30	Sears	16
Bowaters	50	TI	37
Brit Aerospace	50	TSB	12
Brit. Telecom	28	Tesco	18
Burton Ord	32	Thorn EMI	65
Cadburys	25	Trust Houses	25
Charter Cons.	45	Turner Newall	26
Comm Union	34	Unilever	62
Courtaulds	45	Vickers	20
FNFC	32	Wellcome	42
Gen Accident	95	**Property**	
GEC	22	Brit Land	30
Glaxo	200	Land Securities	58
Grand Met	50	MEPC	48
GUS 'A'	125	Peachey	40
Guardian	95	**Oils**	
GKN	38	Brit Petroleum	32
Hanson Tst.	17	Britoil	30
Hawker Sidd	58	Burmah Oil	52
ICI	125	Charterhall	10
Jaguar	52	Premier	11
Ladbroke	45	Shell	125
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	26
Lloyds Bank	35	**Mines**	
Lucas Inds	75	Cons Gold	125
Marks & Spencer	22	Lonrho	28
Midland Bk	45	Rio T Zinc	100
Morgan Grenfell	55		

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday October 3 1987

US bank failures worst since 1930s

BY JAMES BUCHAN IN NEW YORK

THE US banking industry, beset by bad loans to energy companies and farm communities, has suffered more failures this year than at any time since the Great Depression of the early 1930s.

The Federal Deposit Insurance Corporation, the US government agency which insures bank deposits, said yesterday that 141 banks had failed so far this year, outstripping last year's record total of 138.

However, the agency believes that this year will be rock-bottom for the banking industry and there are signs that the depressed economies of the Farm Belt and the oil-producing south-western states are beginning to stabilise.

The FDIC announced this week that five more banks had failed, including three in Houston, Texas, the capital of the hard-pressed US oil and gas industry.

Last month, the US Government helped arrange a \$1.5bn (£925m) takeover of Houston's biggest independent bank, First City Bancorp, in the second largest US bank rescue ever.

The FDIC, which reported assets of \$18.4bn at mid-year, says it expects the number of federally-insured bank failures to peak at about 200 this year, the highest number since the early 1930s, when the collapse in economic activity caused nearly 5,000 banks to fail in less than three years. Banks were more vulnerable then, because few had branch networks and deposits were not insured.

FDIC officials expect the failures to begin to decline for the first time since 1981, when rising interest rates first revealed the low quality of the industry's book of energy, real estate and farm loans.

Banks in midwestern farm states are already showing improvement. Bank failures in Kansas and Iowa are down to 11 so far this year against 24 in 1986. However, in the south-west, where business activity and property values depend heavily on the energy industry, the banking sector is still unstable, say analysts. In Texas, banks have shut at the rate of more than one a week, and public confidence and deposits continue to drain out of the battered mortgage banks, known as savings and loans.

At the end of March there were 14,009 Federally-insured banks.

Ms Marcy Ellis, a research analyst at the Underwood Neuhaus brokerage in Houston said that nevertheless: "More and more people think that 1987 will be a peak period for bank failures."

British Coal signals need for compulsory redundancy

By Charles Leadbeater, Labour Staff

BRITISH COAL yesterday signalled that it may have to make compulsory redundancies for the first time since the nationalisation of the industry in 1947.

Sir Robert Haslam, British Coal's chairman, also announced an improvement in voluntary redundancy payments aimed at increasing the rate of job losses in the industry.

The moves reflect intensified competition and the corporation's need to cut costs further if it is to meet the Government's target for it to break even in 1988-89.

Sir Robert did not give the commitment the corporation has given in the past that all redundancies would be voluntary. He merely said the corportion "hoped to maintain redundancies on a voluntary basis" up to March 1988.

This suggests the corporation believes that there will need to be compulsory redundancies in the 1988-1989 financial year, if not before.

Sir Robert announced that the corporation, which employs 107,000 miners, would improve voluntary redundancy payments with an additional £5,000 lump sum until next March.

The addition is clearly aimed at easing through larger closures.

It will be available to miners who have more than two years' service, and whose redundancies arise from the closure, merger or partial closure of a pit, with the loss of more than 50 jobs.

The move will draw a strong response from the National Union of Mineworkers, which on Monday starts the third week of a ban on overtime coal production, in a dispute over the corporation's revised disciplinary code.

The corporation's redundancy scheme, introduced in March this year, offers much lower benefits than the scheme it replaced, which was financed by the Government.

By the time the Government's scheme was withdrawn, it offered a maximum payment of about £74,000, compared with the corporation's present maximum of £29,000.

The government scheme attracted 80,000 voluntary redundancies in the two years after the end of the year-long miners' strike in March 1985.

The revised scheme has drawn a far lower rate of volunteers. About 2,000 miners have applied for voluntary redundancy so far this year, compared with 10,000 at the same time last year.

The pressure for a higher rate of job losses also reflects the strong growth in labour productivity since the end of the strike. Productivity is up 16 per cent this year, after a 21 per cent increase the year before.

Red herring sparks shares quest

By Philip Coggan

IT APPEARED to come from Russia, with love. The Stock Exchange's company news service announced at 10.20am yesterday that Quest Automation had won a £40m contract to supply various Russian companies with conveyor belt machinery - an order which would have added 40 per cent to the company's net asset value.

But the statement smacked more of red herrings than of Red Square. There is no longer any such company as Quest Automation - the Chandlers Ford, Hants, based computer equipment and services company changed its name to Quest Group earlier this year. And although Quest does a lot of business with the Soviet Union, its area of expertise does not run to conveyor belts.

The information turned out to have come not from Quest's Hampshire headquarters but via a telex sent from a British Telecom telex office in Victoria, London.

It was signed "Keith Morris," but although there is a Keith Morris who works for Quest, he was sitting innocently in his office when the telex was sent to the Stock Exchange.

By the time Quest became aware of the fake announcement the shares had jumped 28p to 205p.

At 11.15am dealings in the shares were suspended at 191p and the Stock Exchange decided later that all bargains transacted in the fifty-five minutes between announcement and suspension would be frozen, pending an investigation.

The telex was not the first attempt to plant the story. On Wednesday, a Financial Times journalist received a call from a man who wanted the paper to include an item about the contract.

But the man sounded too young to be a company director, so the journalist said he needed to see details in writing on headed notepaper. No details arrived.

The Stock Exchange said yesterday it believed this was the first time a false announcement had been issued through the company news service.

About 30 per cent of its announcements arrive by telex, and the Quest statement, which appeared to be plausible and which had the name of an individual attached, was put directly into the system.

The exchange will examine its procedures to see whether a recurrence can be prevented. An announcement will be made on Monday about how the frozen share deals will be treated.The quest for the Quest hoaxer continues.

Building societies to be free to offer broader financial services

BY HUGO DIXON

THE GOVERNMENT is to ease further the restrictions on building societies' activities.

As a result of the decision, announced yesterday, societies will be able to offer a considerably wider range of financial services and to compete on a more equal footing with banks and other financial institutions. There are two prongs to the Government's move.

First, societies are to be freed to offer certain additional financial services by the end of this year.

Second, the Treasury and the Building Societies Commission, the regulatory organisation for building societies, are to carry out a joint review of societies' powers which is likely to result in further significant expansion of their financial services

The Building Societies Association, the industry's trade body, welcomed the moves, which come only nine months after the Building Societies Act came into force giving societies much greater freedom.

There has been mounting criticism among societies that the Act did not go far enough and leading figures in the building society movement have called for a completely new act. In addition, drafting errors in the act meant societies have not been able to do some of the things it was intended they should.

The first phase of the government programme will allow societies to sell unit trusts and offer credit cards in their own name - both businesses they thought they were able to engage in before lawyers examined the fine print of the act.

They will also be able to give advice on investments. It was discovered that if societies were not given this power they would fall foul of last year's Financial Services Act.

During the review, societies are likely to ask for powers to manage funds, act as trustees, own stockbrokers and, possibly, own insurance companies.

The commission is also keen to clarify some of the powers societies already have so that it does not have to deny societies the right to do things which it regards as reasonable.

However, there is no plan to change what many regard as the fundamental defect of the act. This is to list the things societies may do and forbid everything else rather than starting from the assumption that societies can do anything unless expressly prevented.

Oslo to set up Statoil inquiry

BY LUCY KELLAWAY IN LONDON AND KAREN FOSSLI IN OSLO

THE NORWEGIAN GOVERNMENT is to set up an independent inquiry into the affairs of Statoil, the state oil company, following the group's admission that a project to build an oil refinery and terminal at Mongstad had exceeded its budget by NKr3.8bn (£347.3m).

The inquiry is an attempt to defuse a political row caused by the cost overrun, which will be met by the Norwegian taxpayer and is equivalent to 60 per cent of the NKr6.8bn budget for the project approved by the Government in 1984.

Mr Arne Oeien, Norway's Oil Minister, said yesterday that Statoil had made "a massive technical miscalculation of the project's extent and difficulty." He said the findings of the inquiry would be presented to parliament next month.

Both Mr Oeien and Statoil have been heavily criticised this week for not disclosing the problem earlier. Statoil said yesterday that it became aware of the cost overrun in April and notified Mr Oeien in August. However, Mr Oeien said that he was not told of the scale of the overrun until late last week.

The disclosure has prompted calls from the country's opposition right-wing parties for the privatisation of the company and for the resignation of Mr Arve Johnsen, president of Statoil, and other members of the board.

The ownership of Statoil, Norway's largest company, has been a central political issue since the company was created 15 years ago. Following the most recent government review of its status, implemented in 1984, the company has been required to behave as an independent group working within the framework of Norwegian energy policy.

However, right-wing politicans have repeatedly argued that the mangement of Statoil was arrogant and inefficient and pressed for part or all of the company to be privatised.

Although the Government is not likely to reconsider its opposition to privatisation, it may decide not to re-elect some members of the board when their term expires next March.

As a result of the cost overshoot on the refinery, the real return would be reduced from 10 per cent to about 4 per cent.

Some critics of the project have argued that the return may be further depressed by the continued overcapacity among refineries in Europe and have questioned the wisdom of the project, which will increase the capacity of the refinery at Mongstad from 4m to 6.5m tonnes a year.

Blyth quits Plessey

Continued from Page 1

than to allow them to continue alone.

There was also widespread speculation yesterday that Mr Richard Reynolds, managing director of GEC telecommunications' activities would head the new joint venture. Both companies refused to comment on who would take the top post in the new company.

One view was that if Mr Reynolds were chosen, Mr David Dey, managing director of Plessey's telecommunciations interests, might step into Sir James's shoes.

Continued from Page 1

Labour

Kinnock wants to present an outline of the review to next year's annual conference and will be looking for complete ratification of a new policy package in 1989, leaving two years to sell it to the public before the next election.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
A.C. Holdings	£11 1/16	+ 1 3/16
Berisford (S. & W.)	431	+ 6
Bertrams Inv. Tst.	137	+ 29
Buckley's Brewery	239	+ 30
Calor Group	573	+ 24
Camford Engineering	215	+ 17
Dickie (J.)	200	+ 40
Ferranti	147	+ 9½
Fitch Lovell	338	+ 8
Hill Samuel	794	+ 89
Manganese Bronze	240	+ 14
Meyer Intl.	478	+ 8
Newman Inds.	83	+ 7½
Parkdale	203	+ 15
Phoenix Prop.	205	+ 10
Reed Intl.	620	+ 11
St. Ives	£10½	+ ¾
Smith New Court	311	+ 23
Trafalgar House	425	+ 15
Virgin	159	+ 9
Warburg (S.G.)	550	+ 35
Western Motor	580	+ 40
FALLS		
Banks (Sidney C.)	620	− 20
Britannia Arrow	203½	− 7
English China Clays	568	− 13
GT Management	333	− 10

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	Dallas†	F	12	54	Madeira	S	24	75	Prague	F	12	54
Algiers	F	33	91	Dublin	C	13	55	Madrid	F	21	70	Reykjavik	R	8	46
Amsterdam	S	15	59	Dubrovnik	S	20	68	Majorca	F	28	82	Rhodes	F	26	79
Athens	C	18	64	Edinburgh	C	12	54	Malaga	F	25	77	Rio de Janeiro		-	-
Bahrain	S	35	95	Faro	S	23	73	Malta	S	24	75	Rome	F	23	73
Barcelona	C	19	66	Florence	F	22	72	Manchester	F	15	59	Salzburg	S	10	50
Belfast	C	12	54	Frankfurt	S	14	57	Melbourne	S	13	55	San Francisco†	C	13	55
Belgrade	S	17	63	Geneva	C	12	54	Mexico City		-	-	Santiago		-	-
Berlin	S	12	54	Gibraltar	S	24	75	Miami†	C	25	77	Seoul	C	21	70
Biarritz	F	25	77	Glasgow	C	14	57	Milan	F	17	63	Singapore	F	28	82
Birmingham	F	15	59	Guernsey	R	15	59	Montreal†	C	9	48	Stockholm	S	13	55
Blackpool	C	15	59	Helsinki	S	14	57	Moscow	C	10	50	Strasbourg	S	14	57
Bombay	F	31	88	Hong Kong	C	27	81	Munich	F	9	48	Sydney	S	20	68
Bordeaux	C	20	68	Innsbruck	S	16	61	Nairobi	C	26	79	Tangier	F	25	77
Boulogne		-	-	Inverness	C	13	55	Naples	S	21	70	Tel Aviv	S	30	86
Bristol	C	14	57	Isle of Man	C	15	59	Nassau		-	-	Tenerife	S	27	81
Brussels	S	17	63	Istanbul	C	18	64	Newcastle	C	13	55	Tokyo	C	24	75
Buenos Aires		-	-	Jersey	R	15	59	New Delhi	S	35	95	Toronto†	C	13	55
Budapest	F	15	59	Johannesburg	S	12	54	New York†	F	12	54	Tunis	S	26	79
Cairo	S	34	93	Las Palmas	F	25	77	Nice	S	21	70	Valencia	F	25	77
Cape Town	S	17	63	Leeds	F	14	57	Nicosia	S	29	84	Venice	S	17	63
Cardiff	R	13	55	Lisbon	R	18	64	Oporto	F	19	66	Vienna	S	13	55
Chicago†	C	9	48	Locarno	F	15	59	Oslo	C	6	43	Warsaw	C	11	52
Cologne	S	16	61	London	C	17	63	Paris	C	14	57	Washington†	F	10	50
Copenhagen	S	13	55	Los Angeles†	F	19	66	Peking		-	-	Wellington	S	17	63
Corfu	S	25	77	Luxembourg	S	13	55	Perth	F	28	82	Zurich	C	8	46

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures

Bonn agrees big steel jobs cut

BY PETER BRUCE IN BONN

WEST GERMAN steelmakers are to cut 34,900 jobs by the end of 1989 in a deal agreed yesterday between the Government and the steel unions.

The Federal Government and the states involved have agreed to pump in about DM600m (£204m) in social aid to help affected workers. The steel companies will have to find an additional DM1.1bn or DM1.2bn as their contribution.

The job losses will reduce the West German steel workforce to about 157,000.

Bonn was forced to intervene earlier this year when steelmakers announced plans to cut up to 30,000 jobs in the next few years after it became clear that the 1984 recovery in German steel profits had run out of steam.

The agreement reached yesterday is a personal triumph for Mr Norbert Bluem, the Labour Minister. He has just taken over leadership of Chancellor Helmut Kohl's Christian Democratic party in the big steel state of North Rhine Westphalia.

A third of West German voters live in the heavily industrialised state. The Christian Democrats are weak there, but Mr Bluem has successfully begun to champion the workers' cause.

The main union involved, IG Metall, said it was satisfied with the agreement. No workers would be given notice without adequate compensation and the employers had agreed to try to find new jobs for affected workers.

The agreement recommends that anyone under 55 who loses his job should be found another one, preferably in the same area.

Mr Heinz Kriwet, the industry's chief spokesman and chairman of Thyssen Stahl, one of West Germany's biggest steelmakers, warned, however, that it would not be possible to find jobs for all 34,900 workers affected by the agreement.

The employers had been seeking DM900m in Government and state aid toward the redundancy costs. Normally the DM75,000 that it costs, on average, to make a West German steelworker redundant has been borne equally by the Federal and state governments, the employer and the European Commission in Brussels. Under yesterday's deal, the Governments' contribution falls to about DM17,500 and the employers will now have to pay about DM32,000 per man.

That outcome has, however, has been made much easier for the steel companies by the recent European Council of Ministers decision to extend the life of the current community-wide steel production quotas which the European Commission wanted to end. Bonn is understood to have pressed strongly for the retention of the quotas once the employers had agreed to renounce their summary dismissal plans.

The DM600m in public aid involves DM300m from Bonn, DM150m from the affected states - North Rhine Westphalia, Bremen, Lower Saxony and the Saarland - and a further DM150m from Brussels.

Iran predicts war

Continued from Page 1

ings this week of new minefields in the shipping channels, the French navy said yesterday it had found two mines outside the Gulf off the busy port of Khor Fakkn.

Diplomatic efforts to stave off a further escalation appear to be running swiftly into the ground, with Tehran claiming that Iraq, the US and Britain are sabotaging United Nations peace efforts. In a letter to Mr Javier Perez de Cuellar, the UN Secretary-General, on Thursday, Mr Ali Akbar Velayati, the Iranian Foreign Minister, warned that if Washington, London and Baghdad persisted, it would "leave a military solution as the only viable alternative."

Any military showdown between Iran and the US may also have important implications for east-west relations, since Iran is trying to woo the Soviet Union and Mr Rafsanjani was yesterday careful to praise the Soviet stance on the Gulf. As permanent members of the UN Security Council, Washington and Moscow have hitherto been unanimous in backing UN efforts to secure a ceasefire, but American officials admit that this unity is extremely fragile.

The position was further complicated yesterday by Iraq's rejection of the Soviet-backed proposal for a ceasefire to be accompanied by a commission to assess responsibility for the conflict - as also suggested by Iran.

Reuter reports from Tokyo: Japanese seamen and shipowners decided yesterday to avoid the Gulf indefinitely, following the attacks earlier this week on two Japanese supertankers.

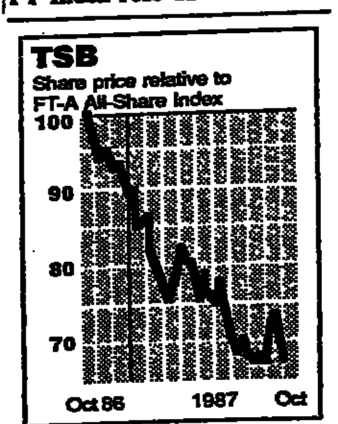
Japan, which imports half of its oil through the Gulf, has been under political pressure to help the Western effort to protect neutral shipping. Mr Yasuhiro Nakasone, the Japanese Prime Minister, has promised that his country would send assistance to the US and European navies patrolling the Gulf before he steps down at the end of this month.

THE LEX COLUMN

Banks that like to say yes

The equity market has emerged from the hurly-burly of last week's trade figures with remarkable equanimity. It is becoming possible to look beyond the BP issue to almost six months free from privatisations, and it does no harm meanwhile to have Associated British Foods and TSB offering to hurl over £1.5bn of cash into the market between them. In this climate, fund managers are becoming afraid to sell rising shares, since someone must know something, and afraid to sell falling ones in case they attract a bid.

FT Index rose 11.4 to 1872.3



Hill Samuel

The Hill Samuel saga, it seems, is finally over. It has been an exciting affair, with boarders repelled and the odd man overboard, and if TSB proves a little dull by comparison it will be up to Hill Samuel to liven things up. It is an achievement of sorts to have found a buyer for so much of the group, and if Wood Mackenzie has been a necessary casualty it will doubtless not be short of rescuers.

For TSB shareholders, the proper reaction seems muted approval. There is a good deal of duplication - three life companies, to begin with. But both they and the fund management businesses operate in different markets, and there would be little point in merging them even if it were feasible. There must be scope for co-operation on the banking side - TSB is traditionally under-lent, and Hill Samuel's corporate client list must be able to come up with some lending opportunities. But here again, it will probably be less a question of fusing the businesses, more of transplanting the Hill Samuel culture into the staider world of a savings bank.

There seems little chance of TSB having to increase its offer, since any counter-bidder would be up against the assent of the Bank of England as well as the Hill Samuel board. At the price of £777m, the deal looks like having a neutral effect on current year earnings, which makes it correspondingly hard to get excited in the short term. There is still the prospect of at least recouping the £20m spent for Wood Mackenzie, with the £95m paid by Credit Lyonnais for Laing & Cruickshank giving grounds to hope for much more again. But the merits of the deal have less to do with immediate price, more with longer-term strategy, in which the most intriguing factor will be the relationship between the two sets of management.

Meanwhile, around £400m of the Hill Samuel price will be attributable to its fund management business. Taken with the £220m which TSB spent on Target, this means that fund management will have accounted for over half the £1.2bn raised in last year's flotation. For TSB's long-suffering shareholders, this raises the nagging possibility of getting the worst of both worlds. In the bull market of the year since flotation, the shares have suffered the effects of the company holding cash. It would be too bad if there were a bear market around the corner, in which TSB would suffer all the drawbacks of being in fund management.

Electronics

An exciting fortnight in the struggle to restructure the UK electronics industry has ended on a confused and rather sour note. The possibility that Ferranti, the sector's favourite bid target, might soon find a safe haven has kicked up a final cloud of speculation around the company; elsewhere, the two proposed mergers of the GEC-Plessey telecommunications businesses and Ferranti-ISC seem to have triggered a wave of copy-cat agitation.

However, Sir James Blyth's sudden if not wholly unexpected departure from Plessey raises many old doubts. The timing of this "bad" news was not unreasonably tucked in behind the "good" news of the merger to reduce the negative impact. But it still seems likely that yesterday's 5p rise in the Plessey share price was more a reflection of bid speculation than new confidence in the company. After all, to lose your core business on Thursday and a key executive on Friday is hardly designed to inspire confidence, whatever the merits of the former deal.

The Blyth affair is a double blow. It undermines some of the carefully nurtured credibility in the new management team, but it also seems to underline the difficulty that the new GEC-Plessey joint venture may have in establishing its independence from two strong-willed chief executives. The arguments over System X rationalisation are going to be difficult enough as it is. The case for some form of outside equity in the joint venture may have been strengthened.

Unit Trusts

The fear that the SIB's new proposals for regulating the unit trust industry might survive imminent negotiations has already knocked nearly two per cent off the sector's market value. After all, so the argument runs, the crack-down on "box" profits from dealing in units - responsible for up to one-third of the earnings of some groups - will tighten margins and effectively transfer value from shareholders to unitholders.

To a limited extent this must be true. However, the extent might be very limited. For one thing, the campaign of the Unit Trust Association to stop, or at least slow down, some of the changes has only just begun. Also the two principal sources of box profit - the bid-offer spread and the non-cancellation of redeemed units - escape unscathed. By some calculations, the negative effect on profitability will average only about 5 per cent. Given the fact that few groups are "pure" unit trust operations and that the shares in several are very tightly held, it may be that the sector has not much further to fall.

Countering the margin slippage and the potential cost of new computer systems are the effects of the huge increase in funds under management, some of which has yet to show up in earnings growth. Those companies which are more seriously hurt by the changes might also consider raising a little more from their unitholders. If best practice in the UK is now to coincide with that in the US, some UK companies might think that an excuse to push their management charges up to the US level.

WEEKEND FT

October 3/4 1987

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Nessie's last hurrah

A massive sonar sweep of Loch Ness starts next weekend. Will the monster appear? Report by Michael Thompson-Noel

IT IS 5.45 am, and as dark as obsidian. A breeze stirs, an owl calls, and I can hear the rhythmic slap of water against the banks of Loch Ness. Beside me, Castle Urquhart broods blackly, as neat and as fanciful as a Hollywood stage set. There is no mist—just blackness. By gazing into the void of the loch I can see whorls, circlets, kinks, dots, scrolls, strangenesses, cubes, cones, crescents, curves, arcs, ovals, orbs and filaments of nothingness.

At 6.15, when dawn breaks, there is a sudden scarlet shimmer and a steely mineral sheen, like artificial moonlight, spreads surreptitiously across the water's surface. There are storm clouds about, and black mountains opposite. On the loch's far shore, towards Inverness, there is a necklace of tiny lights. It is quiet and it is cold. The owl has vanished.

By staring at a fixed point in Urquhart Bay I notice shapes and silhouettes that I didn't see before: haloes, ribbons, loops, starfish, moons, nebulae and galaxies of light-points.

But I cannot see a head, gargoyle or otherwise, and I cannot see a neck, snakelike or not. I cannot see humps, though I am looking very hard. I cannot see a tail, or fins, or paddles. I cannot see skin, loathsome of texture, or horribly glistening scales. I cannot see a wake, or a wash, or foam, or a sudden eerie dive (for Nessie sinks vertically, almost without ripples). It really isn't my morning: I cannot see the monster.

* * *

IF THERE is one unchanging feature about the monster in Scotland's Loch Ness it is her success in resisting present-day attempts to de-sex the English language, to nudge everyone and everything into the haven of androgny. Secure in her monstrous femininity, she is Nessie the Loch Ness monster — and always will be.

After all, only a coquette of Nessie's prodigious skills could have flirted with us with such fearsome guile, such terrible airs and graces, for more than half a century: exhibiting a piece of herself one moment, then soundlessly sinking because she wants to be alone; swimming into and out of ken with such wanton slipperiness that even her keenest admirers are unsure whether she is a mammal, an amphibian, a reptile, an invertebrate or a fish. Or perhaps she is what the director of the aquarium at London Zoo said she was when Nessie mania first broke in 1933—"a striking example of mass hallucination."

Whatever the truth, the great wildlife mystery at Loch Ness is about to be exposed to its beadiest-ever scrutiny (weather permitting) in the form of Operation Deepscan, a waterborne spectacle lasting 10 days. During the main operational period next Friday, Saturday and Sunday (October 9-11) an armada of 20 boats equipped with American sonar gear will line up abreast to sweep the entire loch, supported by back-up craft carrying underwater still and video cameras.

For three days and nights they will sweep Loch Ness from shore to shore, side to side and top to bottom with a sonar curtain through which nothing, it is claimed, can escape. "It will be the largest scientific expedition ever undertaken on the mysterious lake," says Adrian Shine, field leader of the project, who has conducted fisheries research and gathered data on unidentified objects in Loch Ness for more than 10 years.

He says that Deepscan has four main objectives:

- Further investigation of the abyssal fauna discovered on the bottom of Loch Ness in more than 700 ft of water.
- Graphing of the loch's deepest water (more than 720 ft) with Lowrance X-16 sonar chart recorders in areas where tantalisingly strong sonar contacts were made by Shine's group in 1982 and 1984;
- Study of fish distribution in the lake, which boasts large populations of char, trout and salmon:
- Study of temperature changes and thermoclines in the loch's sub-surface area.

That is the dressing in which Deepcan is garbed, but the target—make no mistake—is Nessie. Without the monster there would be no sponsors, of which Deepscan boasts a clutch—Lowrance Electronics of Tulsa, Oklahoma, the world's largest manufacturer of sonar equipment; Swiftech of Wallingford, England, which distributes Lowrance products and other electronic gear; the Loch Ness Centre at Drumnadrochit, halfway down the loch, which runs a monster museum that attracts 160,000 visitors annually; Caley Cruisers of Inverness, which operates a fleet of holiday boats on Loch Ness; Dan Air, which runs an Inverness-London service, and the Scottish Highlands and Islands Development Board, which knows a good thing when it surfaces right in front of it.

In short, Deepscan is not a lark, though the media—you can wager—will play it with the stops out. The tabloids are sending their grubbiest and best—what are the odds against "Nessie Bonks for Britain"?—while the qualities, as ever, will be torn between the wish to be serious and the urge to debunk.

The Daily Mail gave the story a world platform in 1933 by sending a big-game hunter to Loch Ness to check sightings of the beast by locals. ("Strange Spectacle On Loch Ness" was the trigger headline in the Inverness Courier.) In the finest traditions of the trade, the Mail in London was hoaxed by its own investigators, who faked the monster's spoor with a stuffed hippopotamus foot.

In Adrian Shine's view, Fleet Street (the former lair of Britain's national press) has tailored the public's perception of Nessie "towards a plesiosaur-type creature (long thought extinct) because it deals in extremes. Fleet Street is very sympathetic to the monster. It also gives the misleading impression that a lot of scientific work has been done at the loch. You have only got to produce a bunch of wires and say that you are looking for the monster and you get marvellous coverage. There is almost no scepticism."

Shine himself is admirably circumspect — a bearded 37-year-old, grammar school educated, who is not an engineer, not a zoologist, but who has worked on the Scottish lochs phenomenon since 1973, devoting his summers to leading voluntary expeditions: first at spooky Loch Morar, which has its own well-attested monster (one witness, in 1969, reported seeing a "monster lizard," 20 ft long, lying on the bottom in 16 ft of crystal water), then at Loch Ness.

"The good news about Loch Ness," says Shine, "is that it is finite. It is 23 miles long, averages a mile wide and is up to 720 ft deep. The bad news is that Loch Ness is 23 miles long, averages a mile wide and is up to 720 ft deep"—forbidding, massive, eerie, often storm-tossed: a Freudian aquapark.

Hence the attraction of a full-scale sonar sweep. During the 1960s, says Shine, investigation of the Loch Ness mystery relied on surface observation and big cameras. "The classic monster hunters were men with cameras and binoculars waiting for a sighting. I regarded this as negative and impotent. They thought it essential that they saw something, whereas I do not care if I am there or not. I believed that the key was to go underwater."

The 1970s, then, were the decade of underwater photography and silhouette video. Shine himself built an underwater camera hide at Loch Morar. Then he borrowed underwater television cameras. But the 1970s are best remembered for publication of the American Academy of Applied Science's (AAS) celebrated "flipper" and "gargoyle head" underwater photographs, which still generate controversy. Do they show an animal, limbed and horrible? Or do they show debris?

In the 1980s, says Shine, investigations at Loch Ness have come full circle, reverting to sonar whose history at Loch Ness dates properly from 1960 when a group of more than 30 from Oxford and Cambridge Universities deployed a Marconi Marine searchlight sonar, which tracked unidentified diving objects.

In the first half of the 1970s, sonar designer and manufacturer Martin Klein of Klein Associates, working with Robert Rines of the AAS, brought higher definition, chart-imaging, side-scan sonar to the loch, plus other equipment and techniques, and recorded numerous contacts, some of them simultaneously with strobe photography.

According to Rines: "Whether the poor-quality pictures are sufficiently definitive to allow an identification is really not germane to the scientific significance of verification of large objects by both light and sound waves simultaneously. The repeatability over the years of the optical-sonar detection has further strengthened the reliability of the conclusions. Even more striking is the repeatability in the hands of different researchers, at different times, with widely different sonar equipment, of the same dimensioned and shaped echo characteristics from extremely large moving targets in the loch—all quite distinctive from boat, wake and fish echoes."

Rines also claims that "a unique sonar echo characteristic has been obtained in what is believed to be a head or tail-on aspect of the target—having successive echoing protuberances, numbering five to six, and spaced about 1.5 to 2 metres apart (as from head structure, front body portion, appendages, tail structure, etc), to produce an overall target width of some 10 metres."

Is that creepy, or is that creepy? Rines's critics, of course, maintain that he does not quite have both oars in the water—that he sees what he wants to see. But the Academy's work at Loch Ness impressed numerous scientific high-ups in the US, including Dr George Zug, curator of reptiles and amphibians at the Smithsonian Institute. And it is still the case today that Rines's "flipper" picture of 1972 is probably the most intriguing single monster picture of them all, though it cannot upstage the "surgeon's picture," showing a body, neck and head, of 1934.

In 1982, Adrian Shine's Loch Ness Project group clocked 1,500 hours of mid-water patrols in the deep basins of Loch Ness, and recorded 40 powerful contacts of interest. Shine does not promote these contacts into 30-ft monsters, saying: "Our mid-water signals were just that . . . mid-water signals. It could have been a large fish. But they had strength, depth, and two of them had the appearance of movement. They gave us a concentrated objective: to find out what they are." One of the 1982 traces, off Urquhart Castle, was tracked for 68 seconds, during which the object appeared to dive from 69 metres to 114 metres.

Next weekend, Operation Deepscan will deploy 20 motor cruisers, each equipped with a Lowrance X-16 computer graph recorder. Designed primarily for use as fish finders, the X-16's print out a rolling picture of the underwater scene with a resolution that can separate the smallest fish as close as four inches apart. During trials last year, Lowrance fine-tuned the equipment to reduce signal interference and to eliminate false echoes produced by the loch's steep walls. At the end of Deepscan, 60 technicians will bring ashore calibrated computerised pictures of everything they find.

The sonar curtain, says Shine, "will give us the opportunity of defining the position of the sonar contacts. If they are there the next day then obviously they're fixed and we can sweep the objects up, like mines. But if they're moving, then things become exceptionally interesting . . ."

Present next weekend, in spirit if not in body, will be two large Nessie groups, the Hooray Henries and the Cheerless Charlies. The Henries are affable, gregarious and off the wall—so intoxicated with their belief in the monster that they suppress all thought that she might not exist. To the Henries, the evidence for Nessie and her cousins in other lochs is plainly discernible amid the thousands of eye-witness reports, plus the photographs and sonar contacts, of the past 54 years.

Tim Dinsdale is not a Henry; but he staunchly supports the monster, having seen it and filmed it. "It seems probable," he says, "that these animals are descendants of a previously known species which may have evolved considerably; but it is just possible they may prove to be a previously unknown type of animal."

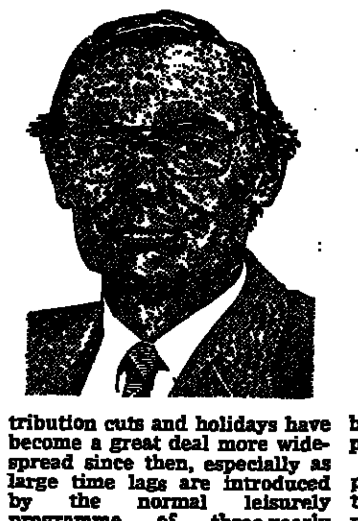
The Cheerless Charlies are dour and introspective—not just sceptical but zealously destructive of any notion that Nessie exists. For them there is no Nessie, no Morag (Loch Morar) and no Champ (the animal in North America's Lake Champlain). There is no Yeti, no Bigfoot, and no mokele-mbembe (possibly a small dinosaur) in central Africa. There are no UFOs and no extra-terrestials. In fact there are no mysteries at all—just homo sapiens shuttling to oblivion on a nondescript planet near an insignificant sun in a provincial backwater of a parochial little galaxy.

Come on, Nessie,—it's time to show your stuff.

The Long View

Battle over the division of the spoils

Overfunded pension schemes are a rich source of discontent, with members and managers both feeling entitled to the surplus. Barry Riley reports on moves to clarify who is entitled to what



WHEN THE flowering of actuarial science comes up against the average trade union trustee of a company pension scheme, no very close meeting of the minds is likely to take place. When it comes to the overfunding question, the gap between mathematical formulae and rude common sense is a wide one.

As the writer of a column called The Long View, I suppose I ought not to be critical of the actuarial approach, which is the ultimate in long-term analysis. Overfunding is not a problem that the actuary will readily perceive, for it will take many years for him to be convinced that he has been too cautious about rates of return.

(What is the difference between an investor and an actuary? The investor will check the market prices and gleefully count his profits. But the actuary will worry that the future returns will fall.)

But companies have to take overfunding seriously, if only because it lays them open to attack by corporate raiders hoping to uncover a slackly-worded trust deed. More fundamentally, an excessive contribution rate raises costs and reduces competitiveness.

UK company pension schemes now hold assets worth not far short of £250bn, but the extent of overfunding is unclear. The London Business School upset the actuaries two years ago by claiming that funds were over-provided to the extent of £80bn but there was furious controversy about the calculations.

All that can be established for some is that the most recent survey of the members of the National Association of Pension Funds showed that 13 per cent had taken a recent contributions holiday (though only 1 per cent had shared it with their scheme members).

That survey related to the summer of 1986, and funds have appreciated greatly since then. So it must be assumed that contribution cuts and holidays have become a great deal more widespread since then, especially as large time lags are introduced by the normal leisurely programme of three-yearly actuarial variations.

In the US they tend to have a sharper approach to these matters, and companies are inclined not just to trim contributions but actually to terminate overfunded schemes and collect the surpluses. In the past few years some $16bn has been "recaptured," to use the prevalent terminology.

In the UK, capturing surpluses is not such as easy matter, as was shown during the manoeuvres between Hanson Trust and the Courage Staff Pension Fund. Many companies have been having another look at their pension fund trust deeds to make sure that there are no unnecessary hostages to fortune.

But rendering a surplus predator-proof does not satisfactorily answer the questions of why it got there in the first place and what should be done with it.

Scheme members are naturally inclined to believe that a surplus is theirs; after all, it was earned out of their contributions, or out of contributions made on their behalf. "Give the lads their money" is the cry.

For trade unionists the logic is simple enough. Pensions are deferred pay, and pension contributions are part of income. When the employer takes a contributions holiday (which we have seen he fails to share with his employees in 12 cases out of 13) he is, therefore, imposing a wage cut. If there is a windfall gain on the fund the benefits should accrue to scheme members.

The actuary's answer to this is that there is no windfall. He does not look at market values but only at rates of return, which he assesses over very long time spans. Bull markets come and go.

It may be that over the past 10 years the annual return on pension fund assets has beaten pay inflation by 8 per centage points, whereas actuaries usually only assume a 1½-point margin.

But a couple of bad years could wipe all this accumulated surplus out. Somebody once described the process of accumulating financial assets in a pension fund as being rather like storing water in a leaky barrel.

After all, in 1974 the asset return was minus 31 per cent against pay inflation of plus 29 per cent. Has there been a long-term rise in investment returns? Perhaps, after a few decades, the actuaries will be able to come to a considered judgment. But not just yet.

There is a kind of actuarial version of Heisenberg's Uncertainty Principle which, you will instantly recall, states that it is inherently impossible to determine simultaneously the precise position and momentum of a particle.

Applied to pension funds, the principle lays down that it is impossible to control simultaneously the size of a fund and the rate of contributions into it. Because companies and workers have historically preferred to contribute at steady rates, they face the consequences of wild fluctuations in asset values.

While the actuaries prefer to wait and see, the lawyers have a quite different answer. The fund, for all its millions or billions, turns out to be a bit of an illusion. It can guarantee pensions, but it is only a back-up. The company carries the direct responsibility.

If companies are committed to putting more money in when times are bad, they should receive the benefit of freakishly high returns. Employee contributions can be reassessed, but only in terms of the value for money they represent on a long-term basis, not because a surplus has suddently appeared.

This is all very well, but with pension fund assets showing a return of another 26 per cent in just the first half of this year the embarrassment is growing.

The Inland Revenue, meanwhile, has moved into the debate, sensing in a down-to-earth way that, whoever should rightly lay claim to the surpluses which may or may not actually exist, it has been suffering too much deferral of tax.

In the end, the answer must lie in a clarification of the underlying objectives of funding a pension scheme. Too often the companies themselves are in a muddle about what they are seeking to achieve, let alone the members of their schemes.

As for the actuaries, the long run may be appropriate, but in the long run all the pension funds may have been recaptured.

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Protracted hangover

FOR SEVEN weeks now, Canadian equities have been suffering a protracted hangover from the string of records set when Wall Street's bull market celebrated its fifth birthday in style on August 13.

That afternoon, the benchmark Toronto Stock Exchange (TSE) 300 index surged to 4,112.86 on heavy volume to notch up its fourth consecutive record close. The following day, the index lost a steep 29.63 points. Golds surprisingly were in the vanguard of the decline.

Since then, the TSE 300 has gradually shed some 5.2 per cent of its value. And analysts for the most part seem resigned to a *continuation of this phase* of gentle drifting—at least for the time being. "I cannot get any real interest in our market now," complains Craig Crossman, of McNeil Mantha. "A whole lot of people are afraid to trade."

At first glance, volume appears to remain at satisfactory levels. The TSE this week reported that a hefty 1.78bn shares changed hands in the third quarter—the third highest quarterly total ever. However, traders observe that a higher proportion than usual is comprised of institutional business and confirm that many retail investors are fighting shy of the market. "People are buying the big names only. We are selling a lot fewer secondary stocks than earlier in the year," says one.

Reasons behind this mood of caution are various but most agree that higher interest rates are at the top of the list. Weaker North American debt markets are cutting the ground from under stocks, both by inflating the yields available from bonds and by encouraging fears of a slowdown of the economy.

Investors have also been deterred by the uncertainty (soon to be ended one way or the other) surrounding the bilateral free trade talks between Canada and the US, and by the suspicion that the raging bull really must be *getting a trifle long in the* tooth. "People have seen the market rise in huge numbers and they don't think it will last." observes Crossman.

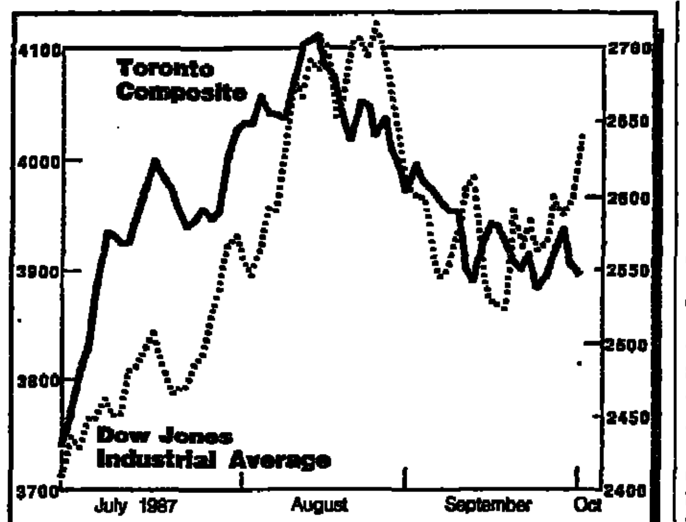
In addition to areas like pipelines and utilities, the traditional early casualties when interest rates are on the rise, the financial services sector has taken a particularly heavy beat*ing during the recent slump*. On September 30, the TSE's financial services sub-group, which is weighted heavily with bank

Toronto

stocks, slipped a notch or two further to 2,382.86 — down more than 8 per cent from its recent August 11 peak.

The wind was taken out of bank stocks' sails initially by the fears — only realised partly in the event — that the Big Six's August decision to boost prudential reserves on loans to Third World debtor nations to 30-40 per cent exposure would need a spate of capital rebuilding share issues. Two banks — Canadian Imperial Bank of Commerce and Bank of Montreal — have so far decided to tap the market for sums of C$302m and C$300.3m respectively.

Fresh impetus was given to the decline this week by the Bank of Nova Scotia's acquisi*tion of McLeod* Young Weir, the Bay Street securities dealer. The acquisition's estimated C$500m price tag increases considerably the likelihood, in the view of most analysts, that Scotiabank will in turn be obliged to follow suit. Soon after the announcement of the deal on September 30, the bank's stock hit a 52-week intra-day low of C$15 before recovering to end the day at C$15¼.



By contrast, Canadian exchanges have had good reason in recent weeks to be thankful for their traditionally heavy concentration of resource stocks. Although the TSE's previously buoyant gold sub-group slipped badly this week, in the wake of US Treasury Secretary James Baker's remarks in Washington and the subsequent decline in bullion prices, forest products began finally to respond to a bout of price increases within the industry. The recently outstanding base metals sector, meanwhile, generally managed to hold its own.

Two of Canada's largest newsprint producers, along with Bowater in the US, this week announced plans to raise posted prices by 6.6 per cent, or US$40 a tonne, from January 1. A similar 7 per cent increase came into effect in July.

Metals stocks are expected widely to continue to provide the Canadian markets with a firm base on which to build, due mainly to expectations of an exceptionally strong set of third-quarter results. The full impact of higher commodities prices has yet to work its way through to many compapies' bottom lines, analysts argue. When it does, they add, the resultant quarterlies are likely to attract a fresh surge of funds into the relevant stocks.

While market-moving news has been decidedly thin on the ground of late, investors should keep an eye out for the imminently-expected outcome of the free trade negotiations. In the event that the initiative is scuppered, sectors like brewing—which appeared particularly vulnerable to the advent of cut-price US competition—may receive something of a shot in the arm, although the market as a whole could well turn weaker.

Conversely, if a last-minute agreement is stitched together, in accordance with the wishes of most of the business community, it might provide the impetus needed to snap the market out of its slump.

David Owen

Still roaring at full blast

THE BULL has done it again. The market appears to have survived another gruelling test. The sceptics have been financially embarrassed and intelectually humiliated. With the shake-out complete, everything is now set fair for a new assault on market peaks far higher than the records hit in August.

After the powerful rally on October 1, the first day of the new quarter, everybody's immediate objective is 2,700 on the Dow Jones Industrial Average. On technical grounds this should present no problems.

The practically straight run of 146 points on the Dow from the low of 2492.82 on Monday last week has the technicians cheering almost to a man. Mr Chester Prado, director of technical research at the Los Angeles-based block traders Jeffreys & Co spoke for the whole fraternity after the market's powerful close at 2639.20 on Thursday: "It's been a textbook pattern over the last few weeks, with a selling climax that brought it down to the 2,500 level, a secondary test of the low, and an upside movement to around the 2,600 area.

"Now it has closed well out of that range and we will probably see clear sailing to the 2,700 level. There is a fair amount of cash built up from the slide to 2,500 and everything is well geared up to go."

There was another technical cause for satisfaction about the market's dynamic performance on Thursday. The first day of any quarter gives a better indication of the investment institutions' state of mind than the previous few days.

During the waning days of September, fund managers have been under considerable pressure to buy or hold on to stock. *Most of* the shares in their portfolios have shown tidy gains since their last quarterly valuation on June 30, making their owners look smart.

Given the 7.3 per cent gain in the Dow between June 29 and September 30, fund managers who cut their exposure would answer more awkward questions from trustees than those who stayed with the bull trend. It was easy to discount as mere window dressing some of the buying pressure which built up after the market turned on September 21.

From Thursday's opening bell, on the other hand, the run-up seemed to be the real thing.

Finally, there was a reassuring psychological factor. The purchase of a big stake in Salomon Brothers, the biggest US brokerage house, by Warren Buffet, the legendary billionaire investor from Omaha, Nebraska, was a powerful vote of confidence in the long-term stability of Wall Street.

Mr Buffet has an extraordinary record for spotting companies and sectors which are about to enjoy a major long-term revival. He is not the sort of man to buy into a major brokerage house just before the great crash.

It was more than a little disappointing, none-the-less, that the rally seemed to run out of steam so quickly yesterday. After jumping a further 10 points almost immediately on opening, the Dow fell back 15 points within a few minutes in heavy trading and lost direction completely from then on.

In itself, a few hours' trading obviously tells us very little, but the weakness of the follow-through on Friday morning is a reminder that the question which precipitated the market's August correction remains unanswered.

This is the question posed in this column on the fifth anniversary of the bull market, a few weeks before the correc-

Wall Street

tion started: what can drive share prices ever higher if the long-term decline in interest rates is really over- as virtually everybody in the bond market now believes?

The answer is straightforward: the market has been driven until recently by lower interest rates and correspondingly higher multiples of share prices to corporate profits.

It is the evidence of rapidly rising corporate earnings this year — and the prospects for even greater growth in the year ahead—that justifies the market's very high valuations. So at the market's peak in August, the average company in the Standard and Poors 500 was selling at the unprecedented level of 23 times its earnings in the previous year.

Looking at the recent performance of individual companies on Wall Street, it is apparent that this kind of reasoning has become increasingly important to investors.

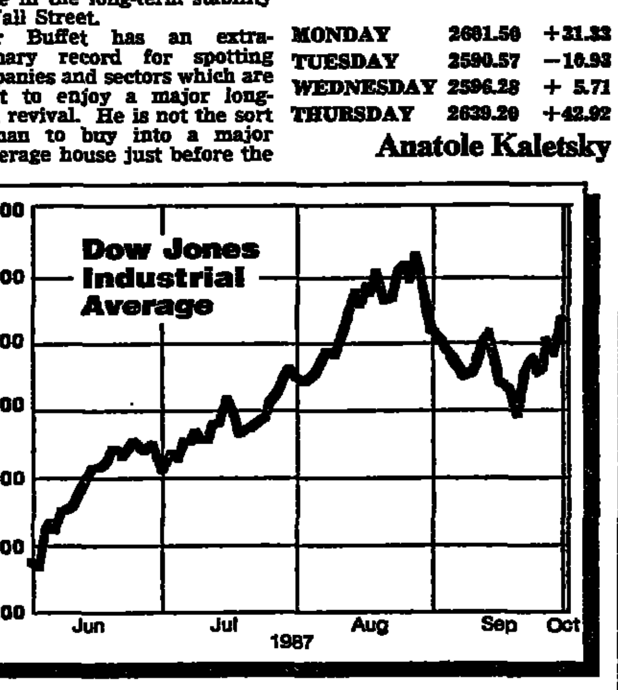
The most spectacular examples have been among the small-time speculative stocks whose valuations had been ramped up to scarcely credible levels by forecasts of virtually limitless earnings growth.

More importantly, however, International Business Machines, the market's most important single stock, has also taken a caning, falling by 15 per cent —or roughly double the overall market's retreat—as analysts have lowered their forecasts of earnings.

According to IBES, analysts are still forecasting earnings growth for IBM of 14 per cent in 1987 and 22 per cent in 1988. But this does not seem good enough for an increasingly demanding market.

MONDAY	2601.50	+31.33
TUESDAY	2590.57	−10.93
WEDNESDAY	2596.28	+ 5.71
THURSDAY	2639.20	+42.92

Anatole Kaletsky



Six that bid to impress

ELECTRONICS, retailing and property dominate next week's social calendar for the City of London—five days in which reported profit and loss may matter less than indications of corporate strategy and morale.

The electronics list exemplifies this. Of six companies meeting analysts next week, only one **TELEPHONE RENTALS**—is expected to produce profits figures.

Fo rthe rest, **HARRIS CORP**, the US company which has just denied specific merger talks with *Plessey, is in town on* Monday; GEC and **CRAY ELECTRONICS** will be seeing people on Wednesday; **PLESSEY** continues what some analysts are disrespectfully calling its "Odyssey" by taking sector specialists to its Roborough plant on Thursday (they may have been on similar trips to its Caswell and Beeston opera*tions as well.*

Finally, BT has a presentation to make on Friday· on mobile communications this time, rather than the coventional telephone service which has been so much under fire in recent weeks.

TR's interim figures on Tuesday are expected to rise from £7.8m to £9m pre-tax on the way to £19.5m for the year. The shares have gained strength this year, more from recurring takeover talk than in any real belief in the company's own recently professed aims of diversification and expansion by the international acquisition route.

The death on Brands Hatch motor racing circuit of John Foulston, chairman and chief executive of Atlantic Computers, rumoured to be an imminent bidder for TR, hit the latter's shares this week.

Other interims due on Tuesday include retailer **AUSTIN REED** and the footwear, retailing, betting and property conglomerate, **SEARS HOLDINGS**. Either side of these come the two main economic indicators, final UK retail sales figures for August on Monday, and the

Results due

retail prices index for September on Friday.

The market's gossip columns have recently featured Sears as both a possible takeover contender and as a possible victim. Along with Woolworths, Next, the Burton Group and of course, Mountleigh, it has been mentioned in connection with the takeover rumours surrounding the Storehouse group; it was also noted at the beginning of this month that Australian entrepreneur Robert Holmes à Court had lifted his stake in Sears itself to just under 7 per cent.

The property sector is represented by interims from **PERCY BILTON** on Monday, the construction-based **HIGGS AND HILL** on Wednesday, **LONDON AND EDINBURGH TRUST** on Thursday and **ARLINGTON SECURITIES** on Friday.

LET, a pioneer in the business of taking property gains into the profit and loss account rather than the balance sheet, went right off the boil in August when a 19.5 per cent decline in the share price made it one of the sector's worst-performing stocks.

It recovered in September, but analysts still think that the company has some explaining to do; it needs, they say, to explain further its strategies in moving into financial and property services, in addition to its main leg in property development, investment, and quality residential involvement.

Arlington, which shot to stock market prominence from an offer-for-sale debut in May, 1986, based its success on its pole position in business parks, and a subsequent expanion in retail property. It has been overshadowed recently, by the feverish pace of office property development in the City of London.

The irony is that there may be just as much interest in Percy Bilton, whose long-term links with the traditional industrial shed market made it a takeover target in 1983, and a relatively poor performer in share price terms for much of the next four years.

William Cochrane

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 High	1987 Low	
FT Ordinary Index	1,872.3	+40.7	1,926.1	1,320.2	Takeovers incite speculative activity
Aberdeen Construction	309	+45	330	222	Bid approach
Abingworth	345	+39	346	237	Sharply higher net asset value
Associated Brit Foods	372	+33	416	250	Response to bid for S and W Berisford
Berisford (S. and W.)	431	+86	431	244	AB Foods bid of 400p per share
Brown (Matthew)	784	+83	784	540	Bid from Scottish and Newcastle
Calor Group	573	+116	573	400	Possible bid from Burmah/SHV
Freemans	230	−32	292	190	Gloomy interim statement
GEC	234	+21	251	184	Telecoms tie-up with Plessey
Hammerson A	690	+35	710	430	Revived bid speculation
Henderson Group	354	+37	373	171	Bid approach
Hill Samuel	794	+129	794	398	Bid of 810p a share from TSB
Ibstock Johnsen	244	+34	245	92½	Portuguese pulp mill prospects
Meyer International	478	+58	478	268	Wood Mackenzie recommendation
Storehouse	413	+64	416	269	Mountleigh lifts stake after Benlox bid
Trusthouse Forte	277	+28	280½	179	Widspread speculation
Ultramar	314	+32	320	162	Revived takeover speculation
Wade Potteries	280	+67	313	145	Bid approach
Widney	80	+14	96½	36	Takeover speculation
Willis Faber	425xd	+81	464	345	Rumoured bid from Dewey Warren

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.70	3.76	2.79	2.02	monthly	1	—	0-7
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	1,000-4,999	0
High interest cheque	6.30	6.49	4.75	3.45	monthly	1	5,000-9,999	0
High interest cheque	6.70	6.91	5.05	3.67	monthly	1	10,000-49,999	0
High interest cheque	7.00	7.23	5.27	3.84	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bonds	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	6.96	7.19	5.41	3.94	monthly	1	2,500 minimum	0
Provincial Trust	7.34	7.66	5.77	4.19	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
5pc Treasury 1986-89	8.71	7.29	6.35	5.57	half yearly	4	—	0
8pc Treasury 1992	10.18	7.91	6.40	5.14	half yearly	4	—	0
10.25pc Exchequer 1995	10.36	7.58	5.73	4.19	half yearly	4	—	0
3pc Treasury 1990	7.82	6.95	6.37	5.88	half yearly	4	—	0
3pc Treasury 1992	8.23	7.31	6.69	6.18	half yearly	4	—	0
Index-linked 2pc 1992¶	8.00	7.44	7.06	6.75	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

PENDING DIVIDENDS

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Bailey, Ben	Thursday	—	0.2	0.4
Baillie Gifford Japan Trust	Tuesday	—	0.4	—
Beckman, A.	Wednesday	1.9	3.8	1.9
Druck Hldgs.	Thursday	1.8	2.6	2.0
Halstead, James	Monday	2.0	3.0	2.5
Lloyds Chemists	Monday	—	—	—
Maunders, John	Wednesday	2.4	2.6	2.6
Photo-Me Intnl.	Thursday	1.7	4.0	2.0
Savage Group	Tuesday	—	0.5	1.5
Tottenham Hotspur	Tuesday	—	—	—
TSW-Television South-West	Wednesday	0.6	1.4	0.8
Tyzack Turner	Thursday	1.0	3.0	—
INTERIM DIVIDENDS				
Arlington Secs.	Friday	0.7	1.5	
Asda Property	Monday	—	3.5	
Ash and Lacy	Tuesday	11.0	13.0	
Ats Selection	Tuesday	0.6	0.9	
Bilton, Percy	Monday	4.2	8.7	
Brent Walker	Friday	3.5	5.0	
British Dredging	Monday	1.0	3.0	
Brown Shipley Intnl. Currency	Monday†	5.0	—	
Brown Shipley Sterling Bond	Monday†	—	28.0	
Brown Shipley Sterling Capital	Monday†	—	—	
Cluff Oil	Friday	—	—	
Debtor Hldgs.	Monday	0.6	2.7	
Denistron Intnl.	Wednesday	—	1.1	
Finlay, James	Monday	2.0	2.1	
Fortnum and Mason	Monday	—	39.0	
Forward Group	Monday	—	—	
Gates, Frank G.	Monday	—	3.2	
Grampian Hldgs.	Wednesday	1.0	2.0	
Hewden Stuart	Monday	0.6	1.2	
Higgs and Hill	Wednesday	2.7	4.7	
Jerome, S. and Sons	Wednesday	1.3	3.0	
Johnston Group	Wednesday	3.0	6.0	
Laidlaw Thomson	Monday	1.4	2.8	
Lamont Holdings	Monday	1.5	4.0	
London and Edinburgh Trust	Thursday	0.6	1.0	
London and Manchester	Tuesday	2.3	4.8	
Martin (Albert)	Tuesday	1.3	—	
Micro Focus	Tuesday	—	—	
Monument Oil and Gas	Tuesday	—	—	
North British Canadian Invest.	Monday	2.1	5.3	
Plumb Holdings	Wednesday	—	—	
Reed, Austin	Thursday	2.0	4.5	
Ruberoid	Thursday	0.8	2.7	
Rue Estates Hldgs.	Wednesday	3.0	4.0	
Scottish TV	Friday	3.0	12.0	
Seare	Tuesday	1.0	3.0	
Southend Stadium	Wednesday	—	0.7	
Telephone Rentals	Tuesday	2.7	5.0	
Thurgar Bardex	Wednesday	0.6	1.2	
Usher, Frank	Tuesday	1.5	4.0	
Walker Greenbank	Thursday	—	0.7	
Ward Group	Tuesday	—	1.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Gross per share

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Appledore (A.&P.)	495	493	232	17.49	Highlnd Partics
Aspinall Hldgs	178¼	173	18582	92.52	Walker (Alfred)
Barham Group	255§	251	212	73.01	Intl Bus Comms
Berisford (S.& W.)	400*§	431	349	767.00	Assoc Brit Foods
Brown (Matthew)	780§	784	715	193.00	Scot & Newcastle
Buckleys Brew¶	192*§	210	175	28.59	Brodlen
Cheshire Whlfds	280*	270	235	14.22	Wessanen
Country & New T	197*§	198	150	89.42	Pennant
CPU Computers	92*§	89	89½	14.92	Scoa
Equity & Law	452*§	455	350	451.8	Brierley Invs
Equity & Law	446	455	350	447.78	Cmpgnie Du Midi
ERIC	405*	400	300	14.00	TR Energy Res
Guinness Peat	115*	115	111	358.36	Equiticorp
Hampton Trust	120*	120	116	100.00	Aurora
Hawtal Whiting	546	524	435	35.35	First Sec Group
Hill Samuel	810*	794	694	777.00	TSB
Hunslet	634	610	485	7.49	Telfos
Intl Signal	270	224	219	461.05	Ferranti
Kent (John)¶	120	121	105	14.40	Redevco
Mercantile Hse¶	600§	595	488	566.80	Brit & Comwlth
Miss Sam¶	210	205	192	33.60	Blacks Leisure
Powerline Intl	182½	180	153	22.18	Chloride
Pres Entertaint¶	331§	325	241	71.41	Pleasurama
Stewart Wrightson	637½§	618	500††	261.52	Willis Faber
Stone Intal	115	103	154½	39.92	FKI Electricals
Storehouse	434	415	349	1.94bn	Benlox
Stothert & Pitt	251½	248	117	21.00	Hollis
Tech for Business	177	180	149	7.20	Comb Lease Fin
Wills Group	190*§	214	186	17.15	Australian Inv Cp
Woodhse & Rixson	125	121	91	15.00	Jlnsn & Fth Bwn

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 2/10/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abingworth	June	385	(504)	1.1	(1.7)	1.2	(1.2)
Amstrad	June	135,700	(27,140)	17.1	(9.5)	0.7	(0.3)
Baldwin	Apr	247	(84)	4.0	(0.9)	—	(—)
Caird A.	June†	49	(176)	0.6	(3.3)	0.5	(0.5)
Castle Comm	June	735	(476)	15.7	(12.4)	4.0	(—)
Courtney Pope	May	2,930	(2,490)	19.3	(15.0)	6.0	(5.0)
Dowding & Mills	June	5,580	(4,140)	4.1	(3.9)	1.8	(1.6)
Ferry Pickering	June	2,250	(2,090)	12.5	(10.8)	4.0	(3.5)
FII Group	May	7,180	(2,240)	42.7	(31.3)	8.0	(6.7)
Galliford	June	4,630	(3,200)	8.6	(6.0)	5.3	(4.8)
Gent S. R.	June	1,420	(1,240)L	3.3	(—)	1.0	(0.5)
High Point	May	1,250	(472)	17.5	(8.1)	4.5	(1.7)
Honeysuckle	May	1,250	(681)	10.6	(5.9)	—	(—)
HTV	July	11,900	(9,010)	37.0	(23.6)	9.8	(8.5)
Kalamazoo	July	882	(276)L	—	(—)	1.5	(1.0)
Lawtex	June	302	(334)	6.8	(7.5)	2.0	(2.0)
Logica	June	11,300	(6,800)	14.4	(10.1)	1.7	(1.0)
MAI	June	52,600	(36,290)	55.4	(48.1)	20.0	(17.5)
Marler Estates	Mar	584	(366)	5.9	(—)	4.0	(4.0)
Parker Knoll	July	6,810	(4,620)	60.8	(38.1)	18.0	(12.0)
Peachey Prop	June	11,650	(10,240)	23.0	(19.7)	10.2	(9.0)
Pineapple	July	1,250	(392)	4.6	(2.0)	—	(—)
Prestwich	June	5,990	(900)	8.8	(6.1)	1.0	(0.8)
Regina Health	June	403	(230)	1.7	(1.0)	0.3	(—)
Renishaw	June	7,510	(7,010)	17.4	(16.2)	2.5	(2.2)
Shandwick	July	3,410	(1,370)	30.4	(14.0)	5.5	(4.2)
Sinclair Gldsmth	May	1,010	(612)	6.6	(3.8)	—	(—)
Sound Diffusion	Dec	5,668	(5,828)	3.8	(4.0)	—	(—)
Space Planning	June	288	(441)	4.4	(5.9)	1.8	(—)
Thorpe F. W.	June	1,400	(1,380)	29.8	(27.4)	3.1	(—)
TR Energy	June	694L	(563)L	—	(—)	—	(—)
Young H.	Aug	1,410	(1,130)	11.8	(10.0)	3.9	(3.6)
Wentworth Intl	Apr	270	(236)	4.8	(3.8)	1.7	(1.7)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Plant	June	1,100	(688)	0.5	(—)
Aran Energy	June	669	(390)	—	(—)
Ashley Laura	June	10,100	(8,590)	0.8	(0.7)
Beatrose	June	873	(707)	3.5	(3.0)
Brkly & Hay Hill	June	420	(403)	—	(—)
Brit Thoroughbred	June	160	(60)	—	(—)
Beddington	July	6,100	(5,730)	1.5	(1.5)
Benstead	June	368	(143)L	0.1	(—)
Bowthorpe	June	15,800	(13,600)	1.0	(0.9)
Brooks Service	June	452	(—)	1.4	(—)
BSG Intl	June	9,530	(6,000)	0.6	(0.5)
Central Ind TV	June	7,100	(5,320)	5.0	(4.0)
Centreway Ind	June	298	(234)	0.5	(0.5)
City & Foreign	June	460	(153)	2.9	(1.6)
Coates Bros	June	10,440	(6,770)	2.2	(1.7)
Colorgraphic	June	72	(463)	1.3	(—)
Corporate Ests	June	323	(206)	—	(—)
Cowells	June	353	(293)	1.0	(1.0)
Cussins Prop	June	1,130	(518)	2.8	(2.6)
Davies (Godfrey)	June	5,890	(3,300)	2.1	(1.5)
Dencora	June	1,420	(740)	—	(—)
Deeflex	June	637	(478)	1.1	(—)
Eadie	June	140	(165)	0.7	(—)
Earlys of Witney	Aug	219L	(214)	0.3	(0.3)
Elson & Robbins	June	672	(213)L	—	(—)
Empire Stores	Aug	169	(2,530)	1.6	(1.5)
Equity & General	June	434	(349)	0.4	(0.3)
Erith	June	1,870	(1,020)	2.0	(1.3)
Ests & General	June	819	(608)	1.0	(0.9)
Etam	June	5,550	(3,050)	1.5	(1.3)
Felixstow Docks	June	3,660	(3,590)	—	(—)
Foseco Minsep	June	16,430	(13,230)	3.5	(2.9)
Freemans	Aug	15,190	(15,120)	1.4	(1.3)
Guidehouse	June	521	(170)	—	(—)
Hay Norman	June	446	(221)	1.7	(1.4)
Helical Bar	Aug	2,150	(434)	0.4	(—)
Holmes Protection	June	4,320	(3,700)	—	(—)
Holt Joseph	June	1,730	(1,470)	5.0	(4.0)
Hornby	June	463	(331)L	—	(—)
Hunter	June	6,490	(—)	2.0	(—)
Inchcape	June	55,300	(39,700)	8.5	(7.1)
Jacques Vert	June	1,640	(1,200)	—	(—)
Jefferson Smurfit	July	57,600	(21,600)	1.2	(1.1)
Liberty	Aug	2,200	(1,780)	2.6	(1.8)
Local London	June	2,440	(1,960)	3.0	(—)
Meggitt	June	6,810	(5,910)	0.7	(0.5)
Menzies John	Aug	5,500	(4,500)	1.6	(1.5)
Metalrax	June	2,200	(1,850)	0.8	(0.7)
Metsec	June	903	(602)	1.6	(1.3)
Monotype	June	813	(413)	1.7	(1.6)
Mowlem John	June	15,000	(6,700)	4.7	(4.5)
MY Holdings	June	1,320	(960)	0.5	(0.4)
Newarthill	Apr	5,460	(9,030)	—	(—)
NMW Computers	June	1,910	(989)	1.5	(0.8)
Oil Inspection	June	186L	(200)L	—	(—)
Parrish	July	993	(13)	1.0	(—)
Ramco Oil	June	125L	(607)L	—	(—)
Renwick	June	2,470	(2,140)	—	(—)
Rivlin	June	2,180	(—)	0.3	(—)
Rugby Group	June	27,140	(14,190)	3.7	(3.1)
Scott & Rbrtsn	June	611	(625)	1.0	(1.0)
Senior Eng	June	4,000	(3,630)	0.9	(0.8)
Silkolene Lub	June	966	(31)	4.0	(3.0)
Sindall Wm	June	175	(193)	0.6	(—)
Sintrom	June	603	(589)	0.7	(0.7)
Sovereign	June	2,203	(9,742)L	—	(—)
Steetley	June	24,650	(18,810)	3.2	(2.7)
S & U Stores	July	807	(526)	1.2	(—)
Tesco	Aug	90,600	(65,400)	1.0	(0.8)
Time Products	June	4,980	(2,320)	1.7	(1.6)
Tootal	July	16,550	(10,120)	1.7	(1.6)
Toye & Co	June	256	(241)	—	(—)
Triefus	June	535	(443)	0.5	(—)
TV Services	June	67L	(1,920)L	—	(—)
United Guarantee	June	224	(329)L	—	(—)
UTC Group	June	1,150	(649)	3.0	(—)
Watts Blake Bme	June	3,160	(2,530)	2.0	(1.5)
Whittington Eng	July	81	(19)	—	(—)
World of Leather	June	175	(551)	—	(—)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated. † Last year's figures for 17 months. L Loss.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Amstrad plans to fund an acquisition by the issue of 8,812,518 ordinary shares worth about £17m.

Aran Energy are to join the main market.

Banner Homes is to join the USM via a placing of 2.83m shares at 105p.

Birmingham Mint will fund an acquisition with the issue of 1,314,554 new ordinary shares.

Butte Mining is coming to the main market via a placing of 15m shares at 100p.

Epicure Holdings intends to finance an acquisition with the issue of 3,367,895 new ordinary shares at 47.5p.

Perry Group intends to finance an acquisition by cash and the issue of 170,000 ordinary shares.

Shield Group plans to raise £10m via the issue of 10,546,167 5.84 per cent convertible redeemable preference shares at 100p.

URSI is to join the USM via a placing of 5.7m shares at 87p.

Zygal Dynamics will fund an acquisition by the issue of 5,401,406 new ordinary shares.

Big bidders return

BIG TAKEOVER battles seem back in fashion. After a summer which produced a mere trickle of contested bids (though many large acquisitions were agreed), the past week has seen the first volleys of gunfire over companies collectively worth nearly £3bn.

A hostile £1.9bn bid was finally launched for Storehouse, the retailing group headed by Sir Terence Conran, though from a most bizarre quarter: a tiny company called Benlox Holdings (market capitalisation about £45m).

A more conventional contest began when Associated British Foods, the flour milling, bread and biscuits group controlled by Canada's Weston family, launched a bid for S & W Berisford which values the group at £767m.

And as if to reassure the City that normal hostilities have been resumed in the world of the merger and acquisition specialists, a £194m bid was launched by Scottish & Newcastle, Britain's sixth biggest brewer, for Blackburn-based Matthew Brown, which is noted for its Theakston's Old Peculiar ale. The bid itself is unsurprising enough: this is S & N's third tilt at Matthew Brown in two-and-a-half years.

If that were not enough to cram into five days, yesterday brought news that the long-running saga over the fate of Hill Samuel, the merchant bank, finally seems near a friendly solution: the Trustee Savings Bank, flush with cash from last year's offer for sale, unveiled an agreed bid worth about £770m.

And Burmah Oil and SHV, a privately-owned Dutch company, announced on Thursday that they were considering a possible joint offer for Calor, the gas company, which has a market capitalisation of about £780m and was only split off from Imperial Continental Gas earlier this year.

The share prices of all these target companies duly leapt upwards, giving some fizz to an equities market which was otherwise distinctly dull, with the FT-SE 100 index rising slowly to close on Friday at 2382.2, up 39.6 on the week.

London

Still, some analysts argue that this upward movement demonstrates a surprising degree of resilience in the wake of the appalling trade figures issued the week before, which had sent the indices tumbling.

The next trade figures are due on October 23, a few days before the close of the biggest offer the market has ever had to absorb—the £7.5bn British Petroleum share sale; and while the City seems to be assuming the figures will be good, helping to get the issue away smoothly, this is not inevitable.

With the BP offer so close at hand it was hardly surprising that investment activity should be subdued this week — particularly since Tuesday also saw one of the City's biggest ever placings, that of the rump of the record-breaking £837m rights issue by Blue Arrow, the employment agency group.

The issue was taken up by just under 49 per cent of the group's shareholders. That was hardly an outstanding success, though in fairness it was a much more respectable take-up than many recent rights calls.

The optimistic tone has been underpinned by some good sets of company results over the past month and Tesco, the supermarket chain which has been transformed under chairman Ian Maclaurin, weighed in this week with interim pre-tax profits of £90.6m, up 38.5 per cent and well ahead of expectations.

Against that, however, the market was disappointed with figures from Amstrad, the consumer electronics group, which came in with a pre-tax profit for the year of £135.7m. That was 80 per cent up on the previous 12 months, but analysts had been looking for even stronger growth.

The share price dropped sharply, in part because of a statement from Alan Sugar, Amstrad's chairman, who suggested that the firm's run of spectacular growth was due for a pause, with this year one of "consolidation"—a word that always makes the market edgy.

The fear seemed to be that after virtually doubling profits in each of the past four years, Amstrad might just run out of steam. That idea gives little credit to the remarkable marketing skills of Mr Sugar—who has little time for either analysts or the press—and it is only realistic to acknowledge that the growth pattern of the past cannot go on indefinitely.

His plans for consolidation seem eminently sensible and could allow growth to take off again next year. There will be no expensive excursions into areas the company does not understand; rather the construction of a more solid asset base through extension backward into manufacturing and forward into distribution. With profits this year forecast at up to £160m, the shares are on a lowly p/e of about 9.

Of all the bids launched this week, that for Storehouse is the most intriguing, because it is also the most improbable.

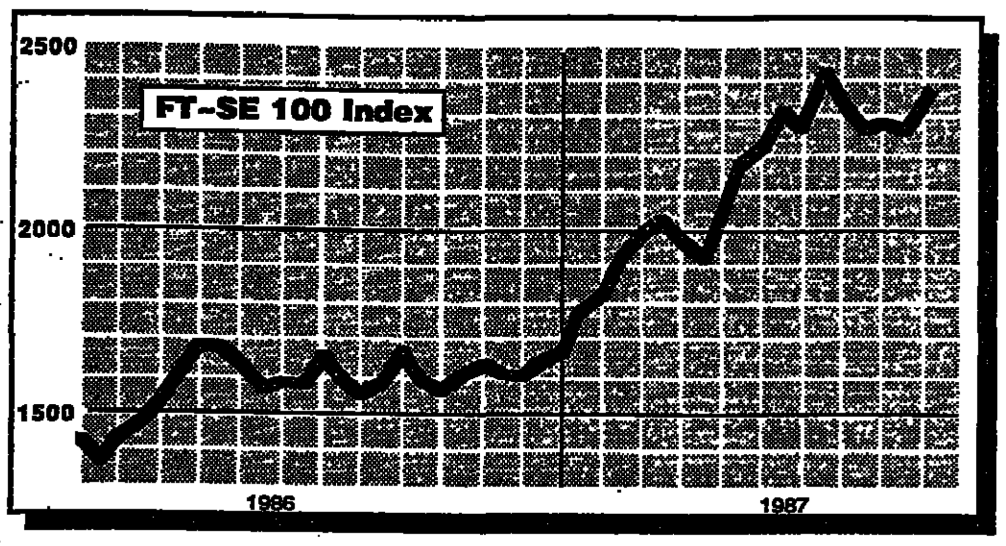
Benlox, the bidder, has little or no experience of retailing and its sole aim is to break up Sir Terence Conran's 21-month marriage of British Home Stores and Habitat-Mothercare.

The bid — being made purely in Benlox paper — cannot be shrugged off as a joke. Benlox is being advised by Ifincorp Earl, a small finance house which specialises in attempting such demergers. Its track record is hardly inspiring, with break-up bids for both Extel and London and Northern failing.

But the worry for Sir Terence is that, after Ifincorp Earl had paved the way, each of those companies were subsequently taken over by more weighty bidders.

Mountleigh, the property company which only 10 days ago called off bid approaches to Storehouse, has bought more of the retailer's shares since Benlox threw down the gauntlet, prompting speculation that it might now be prepared to join the bidding.

Martin Dickson



Far too many subscribers

INVESTORS are still seeking the pot of gold at the end of the new issue rainbow. The two offers for sale made in the last fortnight have attracted bumper applications, and this week's big tender offer, Stanhope Properties, seems certain to generate interest.

Late last week it was announced that the offer by Explaura, the Newfoundland mining company, had been nearly 11 times oversubscribed, and this week Security Archives (Holdings) topped that result by achieving 51 times oversubscription.

The consequence of all that demand is, of course, scaled down allotments. In Explaura, applicants for between 1,000 and 10,000 shares went into a weighted ballot for 1,000 shares; success would therefore bring a £320 holding at the offer price of 32p.

So when Explaura opened for trading yesterday, the immediate premium of 10p indicated a profit for investors of £100—around £80 after dealing costs.

At Security Archives the exces applications meant that allotments were scaled down even further. Applicants for between 200 and 9,000 shares will go into a weighted ballot for just 200 shares—a holding of just £260 at the offer price of 130p.

Judging the right level at which to pitch your tender for Stanhope Properties is much more difficult. The one certainty is that the minimum tender price of 180p will not be the eventual striking price.

The magic of the combined names of Stuart Lipton and Godfrey Bradman—with whom, via Rosehaugh Stanhope Developments, the group is developing the massive Broadgate complex in the City—is likely to attract investors.

Unlike the BAA tender, applicants will not be committed to paying the price at which they tender. Instead, a striking price is set and all those investors who tendered at or above that level will receive shares at the stipulated price.

In theory, the bank sponsoring the issue could set the maximum possible striking price at which all the shares on offer would be taken up. In practice, banks avoid such a strategy since it would almost inevitably lead to the shares trading at a discount when dealings open.

Instead, they set the price rather lower than the maximum level and scale down some or all of the allocations. That means that the shares have a chance of trading at a premium in the aftermarket.

However, premiums are not normally as large as those on offers for sale, and professional stags avoid tender issues. Institutions also tend to dislike them and some private investors may be put off by the prospect of having to guess the right price.

Such factors put a ceiling on the price to which a tender will go and make the process of choosing the right bid level extremely complex. If the institutions bid too high they will force up the bid price and eliminate the aftermarket premium; if they bid too low they run the risk of not getting any stock.

There is a further complication in the case of Stanhope in that although big by USM standards, the issue is quite small at £20m, and that might put off some big institutional investors.

Junior Markets

Nevertheless, with analysts looking for an eventual striking price of 220p-240p, private investors will probably be best advised to bid at or above the upper end of the range.

Elsewhere, there was further bad news about a software company mentioned in this column last week: Fletcher Dennys Systems. The rescue package for the group had to be increased from £1.28m to £2.1m after it was disclosed that pre-tax losses last year were £2.39m, rather than the £900,000 originally reported.

A change in accounting policy was responsible: software development costs will no longer be capitalised, and maintenance profits will be spread over a full year

But the switch further illustrates the fragility of such companies. Five directors are leaving the board as the consortium moves in; the company's 15 months on USM has seen the departure of two of the original founders — the Fletcher and Dennys after whom the group was named.

Philip Coggan

New life in the North Sea

NOW THAT the oil price has rediscovered stability, the sector has had to look elsewhere for its excitement this week.

It has not had to look far, as oil companies from the biggest to the smallest have been either doing deals, talking about doing deals, trying to do deals, or expected to do deals.

Others which have not been swept up in actual or rumoured corporate activity have been fuelling the new enthusiasm for oil independents by announcing good results or by finding oil.

The prize for the most neglected deal of the week should perhaps go to BP. While the Government's marketing machine was cranking out one announcement after another about this month's BP sale, an interesting announcement from the company on Wednesday got lost.

In what could be seen as a clever pre-flotation move, BP is repackaging some of the gold interests of Standard Oil into a new company. This has two advantages: first, by selling off about 10 per cent of the shares in the new subsidiary, BP Gold, the company is cashing in on US investors' keen appetite for gold shares and raising about $150m.

More important, however, the deal will bring to the fore the value of BP's gold assets which have typically been buried in many calculations of the company's worth.

The most exciting assets of BP Gold is its stake in a recent discovery in Papua New Guinea, believed to be one of the biggest in the world.

Meanwhile British Gas is evidently finding that acquisition is not easy. After having confidently outlined in August the terms of its first big deal —the acquisition of a controlling interest in Bow Valley, the Canadian oil independent —the company has now said that it will have to redesign the terms of the deal.

Resources

This admission follows a hostile reaction from Canadian institutional shareholders, who felt that British Gas was paying too little for control. British Gas is now locked in complex negotiations with the other shareholders, and with the Canadian government.

If these negotiations are proving ticklish, they may be easier than the task which faces Burmah Oil and the private Dutch company SHV, who are putting together a bid for Calor.

Working out a division of the spoils acceptable to both, at a price attractive to Calor's shareholders—who judging from yesterday's price of around 560p evidently expect more than the "modest premium" to 500p promised by the bidders—may be difficult.

Some of the more recent additions to the shareholders' list may emerge as beneficiaries even if an acceptable deal never emerges. At least one of the numerous parties involved in putting the complex bid together let the news escape, and by the time the announcement was made, Calor shares had already risen by 20 per cent.

Indeed the stock exchange will have plenty of irregular dealings in the oil sector to investigate arising from this week's hectic happenings. Once it has finished going through the Calor share register, it should turn its attention to Ultramar.

In their highly suggestible condition, investors pushed the Ultramar share price up 30p on Thursday morning following an announcement on the stock exchange ticker that 1.5m shares had changed hands. For a short while the market was alive with possible bidders—ranging from Enterprise Oil to the Barclay twins—until somebody noticed that the announcement had been corrected, and only 150,000 shares had actually been traded.

Of more lasting significance was the week's news from some of the smaller oil independents, which provided firm evidence of the recovery in confidence in the North Sea.

A still stronger sign of the health of the independent sector was the arrival of Aran Energy, only the second oil company to join the main market since the price of oil collapsed at the end of 1985.

Aran Energy, which graduated from Rule 535, is no fragile independent. Valued at about £200m Aran is a product of the new enthusiasm evident in the North Sea.

As drilling activity has steadily picked up in recent months, a whole series of encouraging oil and gas discoveries has been announced. Two of these have been big finds, and through an enviable stroke of luck, Aran has stakes in both.

Lucy Kellaway

Barry Riley on unit trust regulations

Initial mysteries

ONE DAY next year you may see the initials "O," "I" or "B" sprout mysteriously next to the FT's unit trust prices. And when you ring up a unit trust management company you may be told that it cannot quote you a definite price for buying or selling units, but you will have to leave your order subject to the fixing of a price that night.

These puzzling developments will be the outward signs of a new regulatory regime being imposed on the UK unit trust movement. The changes have *been triggered partly by the* need to comply with European Community legislation — the so-called UCITS Directive — and partly by the creation of the Securities and Investments Board (SIB) as the new watchdog body with responsibility for investor protection.

This week SIB launched its new draft rulebook for authorised unit trusts, as the Board prepares to take over responsibility for unit trusts from the Department of Trade and Industry, which has regulated the movement for more than 50 years.

SIB is preparing to take charge next April, at the same time as the main provisions of the Financial Services Act take effect.

Most of its proposals are obscure as far as the layman is concerned, but they could have significant effects upon the ordinary unitholder; in fact, if they don't, SIB will be wasting its time.

The main proposals are these:

Firstly, the "box" remains but managers will be required to disclose their pricing bases. The box is the fluctuating stock of units which managers maintain to provide liquidity for unitholders and to enhance their own profits.

Managers' maximum offer (selling) and minimum bid (buying) prices are controlled by a regulatory formula, and may be wide apart—by perhaps 12 per cent.

In practice, managers quote a lower spread of perhaps 7 per cent because they can offset investors' buying orders against selling orders. But investors can still face a gap of 11 per cent over a period of time, because when there is buying pressure on units the spread will be at the offer end, and when investors are predominantly sellers the units will swing round to a bid basis. This can cause grievance from *time to time.*

To make things clearer, SIB is suggesting that the pricing

Most of the rules are obscure to the layman but their effect on unit holders could be significant . . .

basis of units should be flagged *in newspapers lists.* So O = offer based, B = bid based and I = intermediate.

Secondly, pricing will be on a forward rather than historic basis. Forward pricing is the rule for American mutual funds, but will be a novelty in Britain. It means that investors will deal on the prices fixed at the next calculation after an order is received, rather than at the previous one.

The argument is that when prices are moving rapidly people buying or selling can gain a slight advantage compared to continuing unitholders —for example, if the market has roared ahead during the day the buyer of a unit will receive an advantage by having *dealt at the previous night's* price.

This system will benefit existing unitholders marginally, but at the same time will be an inconvenience to buyers and sellers, who will not know the precise price at which they will deal at the time they place their orders.

There will be other minor changes in the way that units *are dealt in. For instance,* management companies will not be able to go short of units (that is, they will not be able to anti*cipate investors' selling orders)* and they will have to deal with the trustee (who creates or liquidates units) within two hours of the close of dealings when settling orders from the public.

These matters are not directly of concern to the investor, but in *theory they limit the ability* of unit trust management companies to make profits at the expense of unitholders.

Thirdly, prices will in future be calculated much more precisely. They will be worked out to five significant figures, rather than, as under the present formula, rounded to 1 per cent or to multiples of 25p a unit, whichever is the smaller; a system originally introduced so that managers could quote unit prices in nice round numbers.

So a unit price which might now appear as 109.17p could in the past have appeared as anything up to 110.25p. The idea is that this will remove a hidden charge. And most managers already quote to one or two places of decimals anyway.

Fourthly, initial charges will have to be shown separately in contract notes, and not rolled *up into the price of the units.* SIB argues that this will bring unit purchases into line with equity investments, and will amount to a move in the direction of greater transparency of charges. It will not, however, be greatly favoured by unit trust salesmen.

What does the unit trust movement think of all this? The first impression is that the *changes potentially amount to* a highly unwelcome administrative burden on an industry which is already struggling to cope with current business levels. Certainly there will be attempts to have the deadline for the new rules postponed well beyond April.

There are also protests that unit trusts are being more closely regulated at a time when rival products, notably *life company unit-linked bonds,* are relatively untrammelled, and the less scrupulous companies will be inclined to push these instead.

Certainly the industry must be concerned that its ability to make "box" profits (often a third of the total profits of unit trust management companies) will be reduced. Unitholders will shed few tears at this, given that what the managers *lose, they will gain.*

But this may be a short-sighted view. If management profits come under pressure *unitholders will no doubt pay* in some other way, notably in higher management charges.

Kenneth Berrill, SIB chairman

Richard Tomkins reports on Britain's biggest share offer

BP looks a better proposition

AT FIRST, cynics could have been forgiven for thinking that the British Petroleum share offer was something verging on a confidence trick.

Why ever should anybody who had hitherto cheerfully shunned the company's shares suddenly become enthusiastic *about them just* because the Government had decided to sell its remaining 31.5 per cent stake?

And yet, even through the fog of the biggest marketing campaign since Sid stalked the television screens and poster hoardings of Britain, it is becoming *increasingly* clear that BP's share sale may indeed have something to offer.

With the publication last week of the draft prospectus for the £7.5bn offer, the public now has nearly all the information it needs to assess its attractions. *The only important gap still to* be filled is the price.

Since BP's shares are already traded on the stock market, the pricing of the offer has never had quite the air of excitement about it that has been a feature of previous privatisation issues.

Instead, the assumption has been that small investors would be offered the stock at a discount of 5 per cent or so to BP's market price at the time of the issue.

The discount could hardly be larger without bringing a violent rebuke from the Public Accounts Committee, so it seemed likely that the attractions of the stock would be so few, relative to earlier privatisation issues, that there would be *little incentive to apply.*

In the last few weeks, however, the advisers to the issue—notably N. M. Rothschild, the merchant bank—have acted to alter this view.

No one is suggesting that BP's shares will be offered to private investors at anything particularly *greater than* a 5 per cent discount to the prevailing market price. But what is now being suggested is that the market price is not the price at which the shares being sold will trade.

Instead, a two-tier market will *evolve in BP's shares: one in* the existing stock and another, at a higher price, in the shares now about to be offered.

The reason for this is that the price for the shares to be offered will be payable in three instalments spread over 18 months. The theory is that institutional investors will value the partly-paid stock more highly than the fully paid variant because the money which they set aside to pay for the subsequent instalments can be put on interest-bearing deposit in the meantime.

To take a hypothetical example, suppose the market price of BP at the issue date were at its present level of about 375p. The stock to be sold might be offered at a discount of 4 per cent, producing an offer price of 360p, payable in three instalments of 120p.

Rothschild calculates that on the basis of interest rates around current levels, the amount of money that would have to be set aside now for the August 1988 instalment would be about 110p, and for the April 1989 *instalment,* about 105p. In other words, the so-called time value of the deferred instalments would total 25p.

Theoretically, the market will add *that 25p* to the partly-paid share price when dealings begin. It will also, of course, add back in that 15p discount to the prevailing price of the fully-paid stock.

The implied premium on the partly-paid stock should therefore total 40p, which works out *at a very attractive premium of* 33 per cent to the 120p a share outlay.

It must be emphasised that much of this is theory and may not be borne out in practice. *There is* little previous experience on which to draw, because earlier second-tranche issues have not offered partly-paid terms over such a long period, so the time value of deferred instalments has not been a significant factor.

Quite *possibly* the market will accept the time value argument, but not *to its limit. On* the other hand, however, the calculations above take no account of the *fact* that the partly-paid stock will attract the same dividends as the fully-paid variant on a much smaller outlay, so the effective yield will be greatly magnified. This factor could well outweigh any shortfall in credibility on the time value argument.

Some aspects of the offer seem calculated to appeal to the short-term punter rather than the born-again shareholder whose enthusiasm the Government craves.

For example, special dealing rates (including a maximum £15 commission on transactions up to £600) will be available for the first time since the British Gas flotation, and although these will apply to buyers as well as sellers of shares, no-one is under any illusions about which of these will be the most numerous.

Further, the time value argument will be academic to most private investors except to the extent that it affects the price of their stock in the aftermarket. And since that value will diminish with the passage of time, so that the premium on the partly-paid stock gradually diminishes, it could be said that its attractions to the long-term *investor are few.*

This, however, is to ignore at least two other factors. Quite apart from the long-term invest*ment* potential of the stock, there is the attractive dividend yield which will prevail as long as the shares still enjoy their partly-paid status. (The annualised yield in the first year is likely to be between 9 and 10 per cent).

The Government has also *hauled out the well-tried perk* of a one-for-10 loyalty bonus of shares for private investors who hold on to their shares for the first three years.

All this suggests that the Government and BP may yet raise a ripple of excitement for the biggest share offering Britain has seen. Certainly it seems so from the number of people who have registered with BP's share information office for *a copy of the prospectus* and preferential treatment in the allocation.

With another fortnight to go before the prospectus comes out, more than 5m people are already clamouring for an application form. And 5m people cannot be wrong . . . can they?

BP SHARE OFFER TIMETABLE

FRIDAY OCTOBER 9: Last day for registering with BP share information office;

THURSDAY OCTOBER 15: Share price for the fixed price offer to be announced;

TUESDAY OCTOBER 20: Prospectus published in national press;

***WEDNESDAY OCTOBER 28:* Offer closes at 10 am;**

FRIDAY OCTOBER 30: Details of allocation expected to be announced and dealings due to begin;

MONDAY NOVEMBER 9: *Letters of allotment expected* to be sent.

Buy a stake in a hole

AND NOW *for* something completely different . . . investors are about to be presented with the opportunity of buying shares in something which does not even exist, nor seems likely to earn a penny *of* revenue until at least 1993.

It is, of course, the Channel tunnel — or more accurately Eurotunnel, as the *joint* Anglo-French venture has been dubbed — which this week launched the marketing campaign for its equity offering scheduled for November.

The Eurotunnel issue is not a privatisation. The project is already a wholly private sector venture being carried out by companies on both sides of the Channel at an estimated cost of £4.8bn.

To provide a safety margin above the likely construction costs, a total of £6bn is being raised. Most of that will come *in the form of bank loans;* only about £250m has been raised in equity finance through private placings so far. November's public share offering will raise a further £750m.

Of the shares to be issued, about £300m worth will be sold through simultaneous public offerings on each side of the *Channel* and the rest will be allocated to other international stock markets. That makes the UK public offering a tiddler next to BP's £7.5bn call this month.

This is therefore not going to be an issue to widen share ownership. Indeed, Eurotunnel made it clear on Thursday that it was looking for well under 1m shareholders in order to give people sensible allocations, *and that in the event of a heavy* oversubscription it would ballot ruthlessly to cut the numbers down.

Will this prove necessary? Opinions are divided. Memories are still fresh of last year's near-disastrous lack of response to the equity placing with in*stitutional* investors in the UK. But there is now much more confidence that the project is actually going to be completed; the revenue forecasts have become considerably more optimistic; and throwing the issue open to the public seems likely to generate a much higher degree of interest than last year's *low-profile issue.*

Whatever the odds, Eurotunnel is taking no chances. Yesterday it launched an intensive UK marketing campaign for the flotation featuring advertisements in newspapers and on television. Further, it revealed that private investors will be offered travel-related perks *for* as long as they hold on to their shares: details of these will emerge later this *month.*

Perhaps controversially, in the light of recent events, the company is also hedging its bets by declining to outlaw multiple applications. It argues that the likely nature of the allocation will discourage them because a single large application will probably stand a better chance than many small ones.

R.T.

Results next week—but first the analysis

Readers go for gold

IN THE PAST YEAR, while the teams of professional investors have been pitting their wits in the Great Investment Race, the FT has offered its readers the chance to test their skills against the professionals in the FT Readers Race.

The Readers Race, like the Great Investment Race, drew to a close on September 23. Readers were asked to assemble mythical portfolios of five shares from the FT-SE 100 Index to see which portfolio would perform best throughout the year.

Entrants could choose any combination of shares; they could plump for five different companies or for a single stock.

The WM Company, which has monitored both the Great Investment Race and the Readers Race, is now scrutinising the results of the readers' competition. The results will be announced in the FT next Saturday. The winner will receive a prize of Prudential unit trusts worth £2,500 donated by Prudential Unit Trust Managers, sponsor of the Great Investment Race.

As a precursor to the announcement next Saturday the WM Company has scrutinised the entries to see which of the FT-SE 100 shares proved to be most popular with the entrants to the Readers' Race.

Consolidated Gold Fields, the UK mining finance house, was the most popular choice; possibly a wise one given the rise in the price of gold and other natural resources over the past year or so.

British Aerospace emerged as the second most popular stock, followed by Hanson Trust, the acquisitive industrial holding company. Sears and Boots, the retailing groups, both of which were tipped as takeover stocks when the Race began, lay fourth and fifth.

The rest of the top 10 shares chosen by readers were Britoil, the largest independent oil company in the UK; Pilkington, one of the world's largest glass companies soon to become the subject of an unsuccessful take-over bid from BTR; Wellcome, the drugs company; Jaguar, the luxury car manufacturer; and Cable and Wireless.

The Race embraced an eventful 12 months for the City of London and for many of the companies in the FT-SE 100 Index.

In October, little more than a month after it started, the City resounded to the Big Bang, or the deregulation of the stock market. In the opening months of the Race the investment climate was remarkably buoyant. But towards the end the stock market turned bearish. The FT-SE 100 Index rose by almost 47 per cent to 2352.4 in the course of the Race, but most of that growth came before this summer.

The FT has checked the accuracy of readers' guesses as to the best performing FT-SE 100 companies. In fact only four of the most favoured stocks — Consolidated Gold Fields, Pilkington, Britoil and Wellcome — appeared in the real top 10 of top-performing FT-SE 100 companies during the Race.

Wellcome turned out to be the best, rising from 199p to 526p in the course of the competition. Its share price has been sluggish in recent months but rose dramatically in the early spring, fuelled by hopes that its new Retrovir drug would prove to be a successful treatment for AIDS.

Britoil was the second best performer. Its shares have risen fairly steadily through the year — from 126p to 330p — reflecting its recovery from the oil price crisis of the previous year.

Consolidated Gold Fields, the Readers Race favourite, came third with a share price rising from 552p to 1420p. British and Commonwealth, which has become an aggressive financial services group under the chairmanship of John Gunn, slipped into fourth place as its shares increased from 235p to 522p. Meanwhile the attention focused on Pilkington during BTR's unsuccessful takeover bid helped to boost its share price from 144p to 315p in the course of the Race.

Rio Tinto-Zinc headed the rest of the top 10, followed by STC, Reed International and Land Securities. Glaxo and Racal Electronics tied in 10th place.

Almost 2,000 people entered the FT Readers Race, raising nearly £20,000 for charity.

Alice Rawsthorn

Fighting finish

THE GREAT Investment Race has ended. For the past year, six teams of fund managers have been competing to see which could raise the most money for charity by investing a portfolio of £35,000 each.

By the closing weeks, the collective profit of the teams had already surpassed £700,000. But they had yet to liquidate their share portfolios, and many planned to use the final phase for opportunistic investments.

As the teams approached the finish, Prudential Portfolio Managers led, followed by Fidelity, the fund management group. Hoare Govett was third with Messel, its fellow London stockbroker, lying fourth. At the rear were Nomura, the Japanese securities house, and Bell Lawrie, the Edinburgh broker.

Given the speculative nature of many of the investment strategies—and the erratic state of the international stock markets — anything could have happened.

The WM Company, which has monitored the competition throughout, is now working with accountant Howard Tilley and solicitor Harbottle & Lewis to audit all the portfolios and the winner will be announced at the end of this month

Because of the success of the race, plans are underway for another which will run throughout 1988. Prudential, which backed the first event, is increasing the money for sponsorship to allow more teams to participate.

Charity Projects is now inviting entry applications from fund managers. Those interested in competing should contact Fiona Halton at Charity Projects on 01-437 3822.

A.R.

HOW YOUR CHOICES MEASURED UP

The Top Ten most popular readers' choices of FT-SE Index shares:

1. Consolidated Gold Fields
2. British Aerospace
3. Hanson Trust
4. Sears
5. Boots
6. Britoil
7. Pilkington
8. Wellcome
9. Jaguar
10. Cable & Wireless

Source: The WM Company

Top Ten best performing shares in the FT-SE Index from September 24 1986 to September 23 1987:

1. Wellcome 199p to 526p
2. Britoil 126p to 330p
3. Consolidated Gold Fields 552p to 1,420p
4. British and Commonwealth 235p to 522p
5. Pilkington 144p to 315p
6. Rio Tinto-Zinc 632p to 1,385p
7. STC 146p to 299p
8. Reed International 278p to 560p
9. Land Securities 316p to 602p

10= Glaxo 952p to 1,785p
10= Racal Electronics 168p to 315p

Source: Datastream

The bottom lines

Richard Waters continues his short series on reading company accounts

COMPANY balance sheets in an annual report come in two halves. The top half, which was explained in last week's article, shows a company's assets less its current liabilities.

The bottom half shows where the money has come from to finance the assets. It includes borrowing, money paid by shareholders and profits from previous years that have been kept in the business.

Any loans which are not repayable for at least a year are shown here (the rest are included in current liabilities). They can take a bewildering variety of forms, limited only by bankers' imaginations. Whatever the name of the loan, though, two basic aspects matter—the repayment date and the interest rate (if it is fixed, rather than tied to market rates).

A note to the balance sheet gives this information. Two important questions raised are: will the company have the cash available to pay back the loans when they fall due? And how vulnerable is it to rises in interest rates?

These are important considerations when looking at its cash position (to be considered in a later article).

After borrowings, companies sometimes show provisions against expected future losses. Banks, for instance, traditionally put aside an amount to cover expected bad debts. Like the other elements in this half of the balance sheet, provisions represent money the company "owes" and will have to "pay" at some stage.

Share capital shows the amount that shareholders have put into the business when buying shares from the company — any subsequent trading on the stock market has no direct financial effect on the company itself. Share capital is never repaid unless the company breaks up, when shareholders are the last in the queue to get money.

Shares are usually sold by companies at above their nominal face value. For a company new to the stock market, this premium reflects the goodwill the company has already built up through trading. For one already listed (such as BP), the premium reflects the current market price of shares, less a small discount to make the new shares attractive.

A £1 share, for instance, might be offered to the public at £2. The first £1 of this is recorded in the accounts as share capital, while the second £1 is recorded in an account labelled "share premium account." There are restrictions on the uses to which the share premium account can be put—it cannot be used to pay dividends, for instance. In effect, it has virtually the same status as share capital.

The second type of reserve consists of profits which the company earned in past years but did not pay out as tax or dividends. This is labelled "profit and loss account" — the name reflects the fact that it is the sum of the amounts that were left over after previous years' trading.

Other reserves reflect profits which the company has potentially made, but has not turned into cash. For instance, if a factory bought for £1m is now worth £5m, the company is sitting on a profit of £4m. Until it sells the building, though, the profit is only theoretical. It therefore shows the building as an asset of £5m and the £4m surplus as a "revaluation reserve."

Fixed assets like property should be examined closely. When were they last revalued? If it was some time ago, they may well be worth more than the figure shown in the accounts.

It is not unusual for a company facing a take-over to revalue its properties to bolster its balance sheet—even though its usual practice might be to do this only every five years.

In brewing and retail companies, in particular, revaluations may throw up substantial property "profits."

A company's assets that are recorded in foreign currency, such as offices abroad, are similar to property in that their value, at least in sterling terms, can vary from year to year. A foreign currency reserve is, therefore, set up to reflect profits or losses on the currencies. Only when the assets are sold does the profit or loss feed through into the company's reported profits.

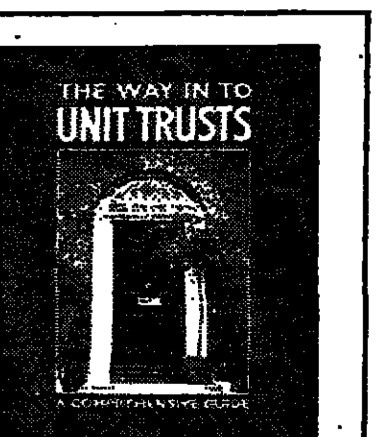
Reserves and share capital together are known as shareholders' funds. In other words, this is the amount that would be due to shareholders if the company was wound up (and if the assets brought in the full amount shown in the balance sheet).

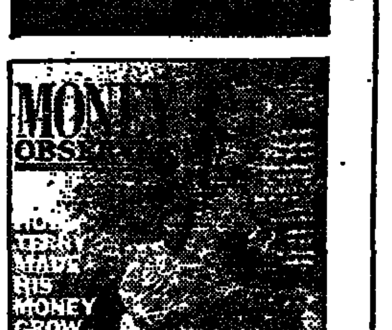
The ratio of a company's total borrowings to shareholders' funds is known as "gearing." A company with greater borrowings than shareholders funds is said to be highly geared, while one with lower borrowings has low gearing.

Gearing is an important figure. A highly geared company is more exposed to changes in interest rates (although there are ways around this: fixed-rate borrowing limits the risk).

Also, companies have to pay interest on their borrowings before paying shareholders' dividends. In a bad year, this means that there may be little for the shareholders.

In a good year, on the other hand, shareholders benefit, since the surplus after paying interest on borrowings is spread around fewer of them.





Educational

Legal Notices

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
No. 004747 of 1987
In the matter of Tip-Europe Ltd
and
In the matter of the Companies Act 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 15th September 1987 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above named Company by £12,969,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Peter Gibson at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 12th day of October 1987.

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the said Share Premium Account of the Company should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

DATED this 1st day of October, 1987

CLIFFORD CHANCE,
Blackfriars House,
19, New Bridge Street,
London EC4V 6BY
Ref: JZB/MRL
Solicitors for the above named Company.

No. 004055 of 1987
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF BRITISH & COMMONWEALTH HOLDINGS PLC
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 18th September 1987 presented to Her Majesty's High Court of Justice for

(a) the sanctioning of a Scheme of Arrangement and

(b) the confirmation of the reduction of the capital of the above-named Company from £54,000,000 to £47,105,264 by cancelling shares of the said Company in accordance with the terms of the said Scheme of Arrangement. The capital reserve of £6,894,736 resulting from the proposed reduction of capital is to be applied in paying up in full ordinary shares of the said Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Peter Gibson at the Royal Courts of Justice, Strand, London, WC2 on Monday the 12th day of October 1987.

Any creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED the 29th day of September 1987

Slaughter and May,
35, Basinghall Street,
London, EC2V 5DB
Solicitors for the said Company

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• FINANCE & THE FAMILY •

Eric Short surveys new overseas unit trusts

Wider horizons

WHILE ALL the razzmatazz on unit trust marketing has come from Royal Life Trust Managers, the other management groups have not stood by idly. New launches have been appearing quietly from the established groups and all have the same aim: to get at people with little or no unit trust investment.

Henderson Unit Trust Management has followed its Best of British Trust, launched in January, with a new fund called the Best of the World Trust.

Having introduced investors to the unit trust concept through the Best of British Trust, Henderson now considers they are ready for global equity investment — which is what this new trust sets out to achieve.

Following the previous format, the fund will be investing in shares about which people will feel confident because they recognise either the name of the company or the products it makes or markets.

Fund manager Ian Dickson, who also manages the Best of Britain, will be investing in companies such as McDonalds and Dow Chemicals from the US. BMW and Moet Hennessy in Europe, and MEI and Kyocera in Japan.

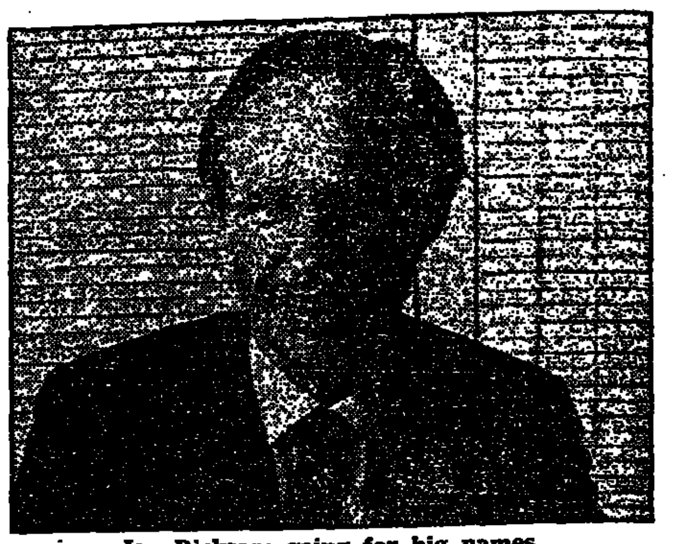
However, he is quick to emphasise that going for the known names does not mean an average investment performance. He will be picking the long-term quality growth stocks —ones that should perform well since there is no sign of a major world recession.

His initial portfolio is likely to be split 40 per cent US. 30 per cent UK, 20 per cent Europe, and 10 per cent Japan and the Far East. The UK content arises because it is a global, not an overseas, equity fund. The proportions will be reviewed at least monthly, the strategy being to weigh up the markets first before selecting the stocks.

Dickson will be sticking to the major stocks, irrespective of the attractions at the time of smaller companies. And since it is a fund for new investors, it will be hedged fully against currency fluctuations.

Ase this is mainly a fund for capital growth, the initial yield is on the low side at 2.5 per cent. The charges are 5.2 per cent initial and 1.25 per cent annual. All income is reinvested automatically.

Henderson is pleased with the Best of British, which has reached £60m since its launch. However, its performance has been disappointing. It was ranked 151st out of 152 UK growth funds during the first six months of its existence.



Ian Dickson: going for big names

In complete contrast, Fidelity has gone to the emerging stock markets in the Far East for its new trust, Fidelity Eastern Opportunities. These are providing the marketing, if not the fund managers with excellent opportunities for new trusts.

Other funds have set out to cover all emerging markets, including Europe and South America as well as the Far East. However, Fidelity will be concentrating on the Asian and Pacific new markets—although its initial portfolio shows that it includes Japan, Singapore, Australia and Hong Kong as well as Taiwan, South Korea, India, Indonesia and the Philippines.

The brochure refers to the exciting opportunities offered by Far Eastern markets. But investors need to remember that while these types of funds offer prospects of high rewards, they are extremely volatile in price performance.

● Guardian Royal Exchange returns to the UK equity market for its ninth fund—the GRE Income Trust.

These UK funds can be regarded as staid and old-fashioned, but over the years they have provided not only income growth but their capital appreciation has outpaced inflation.

They remain some of the best sellers among existing trusts, attractive to investors who want some risk in their holdings but who are not prepared to "go-for-broke" with the adventurous overseas varieties.

Angela Klawitter, manager of the new GRE fund, is aiming for a yield of at least 25 per cent above that on the FT-Actuaries All-Share index. But with this yield standing at an all-time low of 3 per cent, the start income will also be low compared with income from a building society.

● *Life companies are comparative newcomers to the unit trust* sector. As such, they are launching funds that an established *unit trust group would have* had in its product range for some time.

MLA Unit Trust, a member of Municipal Insurance Group, is starting a UK Smaller Companies Fund and its literature reminds investors of the potential of such funds—a message and a reminder not to overlook them amid the glamour of the new overseas issues.

The group is able to point out examples of smaller, virtually unknown companies of a decade ago which have now become major well-known names, such as Virgin, Tie Rack and Grand Metropolitan.

MLA's definition of smaller companies is wider than usual for this type of fund—up to £150m. This gives the fund manager a wide choice but it could also lead to an investment growth nearer to the average.

● Prolific Unit Trust Managers, an arm of Provincial Insurance, has joined the growing band of those offering a monthly savings scheme for as little as £30.

Such schemes enable investors to build up a nest egg although, for management, it means a commitment to the future since the plans can cost a group money in their early months.

Those interested can link up with any one of Prolific's 10 trusts.

Cut in tax-free savings rates

IT IS time to look at any National Savings certificates you might hold. NS this week cut the tax-free interest rate paid on several earlier issues from 7.02 to 6.51 per cent.

The certificates affected by the cut are the 7th to 14th issues plus the 16th, 18th, 21st, 23rd and 24th. The interest (known as the general extension rate) paid on certificates, once they have completed their fixed interest period, is variable. Indeed, it has been changed 14 times since 1982.

The aim of the cut is to persuade investors to switch out of the old matured certificates into the present 33rd issue, which offers a fixed rate of 7 per cent tax free guaranteed over five years.

In particular, National Savings is targetting holders of the 24th issue. These five-year certificates started maturing in April and all will have completed their fixed interest term by November 4. Sales of the 24th issue apparently were particularly heavy in the last few weeks before it was withdrawn from sale.

As a special concession, holders of mature savings certificates will be allowed to reinvest up to £5,000 in the 33rd issue, in addition to the normal maximum holding of £1,000. At the same time, those switching into the 33rd will earn interest for each complete period of three months, even if they cash-in the certificates during the first year when, normally, no interest is paid.

Despite this, savers, especially standard-rate taxpayers, may be reluctant to switch to an issue paying a fixed rate of 7 per cent when a higher rate can be achieved through a building society or high-interest bank account without being locked away for five years. It depends on how they view the future trend of interest rates.

However, the tax-free interest offered by National Savings *does have a particular appeal* to non-taxpayers, since the composite-rate tax paid on building society and bank *accounts cannot be reclaimed;* and to high-rate taxpayers, who benefit more from receiving tax-free returns.

Meanwhile, National Savings is also seeking to make it easier for investors to deal in the other form of government funding—gilts. From October 9, the number of gilt stocks on the NS register is being increased by 21, raising the total to 70.

These can be bought and sold by mail or through post offices. They are a cheap way to buy gilts, since the post office commission is only £1 for purchases below £250 and £1 plus 50p for each extra £125 for purchases above £250.

The special attraction of buying gilts on the National Savings register is that the interest (or dividend) is paid without deduction of tax. With government stock held on the Bank of England register, tax normally is deducted before dividends are paid.

From October 9, investors will be allowed to switch new issues of gilts offered by the Bank onto the National Savings register. They will thus be able to make commission-free purchases from the Bank but receive gross payment of dividends and pay only modest commission when selling their stock.

For sales of less than £100, the commission is 10p per £10; between £100 and £250, it is £1; and over £250 it is £1 plus 50p for each additional £125 in value.

Pearls from the Orient

HONG KONG unit trusts were the stars last month, according to Opal Statistics. Top of the monthly gains list was the MIM Britannia Hong Kong Performance, the unit offer price of which jumped from 56.2p to 113.3p.

It was followed closely by the Royal Trust and Wardley Hong Kong funds while Providence Capitol and Gartmore Hong Kong also featured in the top 25.

Peter Scott of Gartmore remains very enthusiastic about prospects for Hong Kong and says its economic growth rate is being maintained at an "unbelievable" level without any apparent signs of overheating.

However, Martin Currie, the Edinburgh-based fund manager, strikes a note of caution in its latest market review. While predicting that Hong Kong's gross national product will rise by more than 10 per cent this year, it says that conventional pressures including wage inflation are beginning to threaten the economic outlook and many companies are likely to raise new capital.

Martin Currie is more enthusiastic about Japan but says the most important factor boosting the market there is the huge pool of surplus savings washing round the economy.

During September, however, Japanese trusts did not perform very well and featured prominently in the bottom 25 funds, together with many from the US and Europe.

Unusually, the top 25 performers include a variety of different market sectors instead of being dominated by one. Several of the best performers are UK market-based special situation and smaller companies funds.

Stockbroker Heseltine Moss, partof the Brown Shipley group, is pessimistic in its September investment review about the UK market, forecasting a further 10-15 per cent decline in the FT-SE 100 index to 2,100. Its advice to clients is to increase liquidity, putting part of their portfolios into short-dated gilts, and to favour resource stocks.

Heseltine Moss also favours gold and precious metals and believes it might be wise to start increasing energy holdings on an international basis.

Hugo Dixon details a new safe investment scheme

Take out the risk

HOW CAN you invest in the stock market without any of the risks? A trick question, you might think. But a product just launched by Save & Prosper, the unit trust group, allows precisely this. It is said to be the first of its type in Britain although the concept has been tried in the US.

S&P's new product, ShareSafe Deposit, works like this. You invest a minimum of £5,000 with S&P for a year, after which you get back your original stake whatever happens to equity prices. If the stock market goes up, you get back your original stake plus half of the proportionate rise in the FT-SE 100 Index.

So, if the index goes up by 40 per cent, you get paid an interest rate of 20 per cent. If it goes up by 20 per cent, you get 10 per cent. If it falls, you get nothing — but at least you do not lose your capital.

What happens is that S&P keeps your capital intact but uses the interest it would be earning otherwise to buy options on the FT-SE 100 index. It calculates that, given the likely level of interest rates and the price of options, it can pay out half of any increase in the index and still make a profit. However, it will pay you even if it has to make a loss.

Is it a good deal, though? Much depends on how risk-averse you are and your view of the stock market.

The first thing to keep in mind is that you tie up your money for a full year—something you avoid if you put it in a building society or invest directly in the stock market.

Second, you could get at least 11 per cent gross if you invested your money in a society. Equity prices would have to go up by at least 22 per cent over the next year for you to do better by buying ShareSafe.

Third, interest payments from ShareSafe are treated as income for tax purposes. While this is the same as a building society deposit, it is a significantly less attractive tax treatment than investing in the stock market where increases in value are taxed as capital gains.

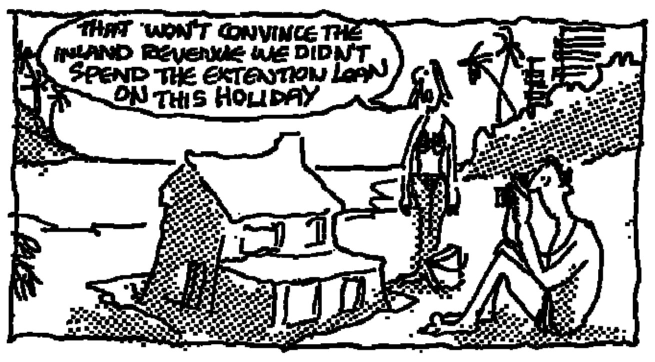
Finally, although you cannot lose your capital, you could lose all your interest. If that would b disastrous for your financial position, ShareSafe is probably not for you.

S and P points out that, over the past year, people would have done significantly better by buying ShareSafe than putting their money on deposit. But they would have done even better by investing direct in the market.

It is also worth pointing out that there has been a raging bull market for most of the past year. If the market were to fall, you would do better putting your money on deposit than buying ShareSafe. Equally, though, it would be better to buy ShareSafe than invest direct.

So, ShareSafe is a neat idea which gives some of the rewards of equities while minimising risks. If you want to invest, you have to subscribe by October 16. A maximum of £50m will be available, although S&P hopes to launch similar products on a regular basis if ShareSafe is popular.

The rise or fall of the FT-SE 100 index is measured between October 21, 1987, and October 21, 1988. You get your money back on October 27, 1988, although S&P plans to offer a scheme for people who want to reinvest their money on a similar basis nearer the time.



Loan warning

PEOPLE BORROWING money for home improvements will have a stark warning thrust at them from the beginning of next month.

The Inland Revenue forms used to apply for tax relief for these loans will have a message emblazoned across them in bright red. It warns the reader that "it is a serious offence to make a false declaration," and goes on to specify the potential consequences.

The reason for the unfriendly warning is that the Revenue believes home improvement loans are being put to uses outside the home, cars and holidays being favourite purchases. It wants to close the loopholes that allow this to happen.

Tax relief is granted on home improvement loans through the MIRAS (mortgage interest relief at source) system. This means that the lender is responsible for giving tax relief and then claws it back from the authorities.

Total loans on which tax relief is available (including those for house purchase) must not top £30,000.

A wide range of work comes within the definition of home improvement. The term covers installing central heating, double glazing, bathroom plumbing, kitchen and bedroom units and burglar alarms as well as landscaping gardens, replacing guttering and building swimming pools.

Tax relief on the interest paid on these loans is estimated to have cost the Revenue £500m last year. But a fifth of this, or £100m, related to loans that should not have qualified for tax relief at all, the Revenue said earlier this year.

One response is the new interest relief application form mentioned previously (known, in familiar Revenue-speak, as MIRAS 70). The form asks for more information than in the past, including details of the contractor who will carry out the work and what it will cost. It also says that borrowers should keep all receipts in case the Revenue wants to check up later.

Another response has been to try to enlist the support of the building societies, banks and others who lend the money and (effectively) grant the tax relief.

Here, though, there are obstacles. The Revenue wrote to all lenders earlier in the summer asking them to tighten up on home improvement loans —but they are under no obligation to do much about it. The law makes it clear that any suspicions of fraud should be reported: but it does not require any lender to check up actively on borrowers.

Ironically, this could lead to less policing, rather than more. After all, if the lender does not ask to see receipts showing work has been done, it will have no suspicions to report. This will absolve it from any responsibility—and allow it to carry on happily making loans for cars and holidays, as the Revenue fears too many already knowingly do.

This does not mean that the Revenue will not itself be keeping a close eye on what is going on and it has the power to take lenders out of the MIRAS scheme. Its investigators at one time or another are likely to look at all branches of building societies, banks and others involved in mortgage lending.

"They will look at how MIRAS is operated," said a Revenue spokesman. "While doing that, they may also look at the information in a lender's files, and it is not beyond the bounds of reason that they will spot cases."

Richard Waters

An even more flexible friend

THE FIRST chinks in the credit card cartel appeared last week when Save & Prosper launched its Classic credit card, which comes under the Visa umbrella.

The main difference between Classic and other credit cards is the interest rate charged on any proportion of your bill that is unpaid at the end of the month. Classic is charging 1.5 per cent a month (equivalent to an annual percentage rate of 19.6 per cent).

This compares with the 1.75 per cent charged by most high street banks, 1.9 per cent charged by Lloyds and TSB, and up to 2.5 per cent (an annual percentage rate of 34.4 per cent) charged by some storecards such as Boots and Sears.

In return for undercutting on interest rates, however, S&P is restricting the card to people who are likely to be good credit risks To qualify you must be a homeowner in salaried employment and not have moved home or job in the previous twelve months

S&P will ask you to prove your salaried status by producing a P60 form for your last year's income or your most recent salary slip; you will have to prove you own a home by producing a mortgage statement or a solicitor's letter

There are two other innovative features. First, you can choose the time of the month your credit card bill must be paid before interest starts being charged. If your salary is paid on the first of the month, it would probably be sensible to arrange for the credit card bill to be settled shortly afterwards.

Second, you can arrange for your bill to be paid by direct debit at the end of the interest-free period. This cuts out the administration of having to write a cheque and means you are more likely to benefit from the interest-free period.

One of the main problems of the high street banks' credit cards is that it is really quite difficult to get the full benefit of interest-free credit. If you send your cheque in immediately after you receive your bill, the bank will cash it although you do not have to pay for another 20 days or so. They will do this even if you post-date the cheque.

But, if you wait until the last possible moment, it is quite likely you will miss the deadline and then be faced with interest charges from the day your bill was sent.

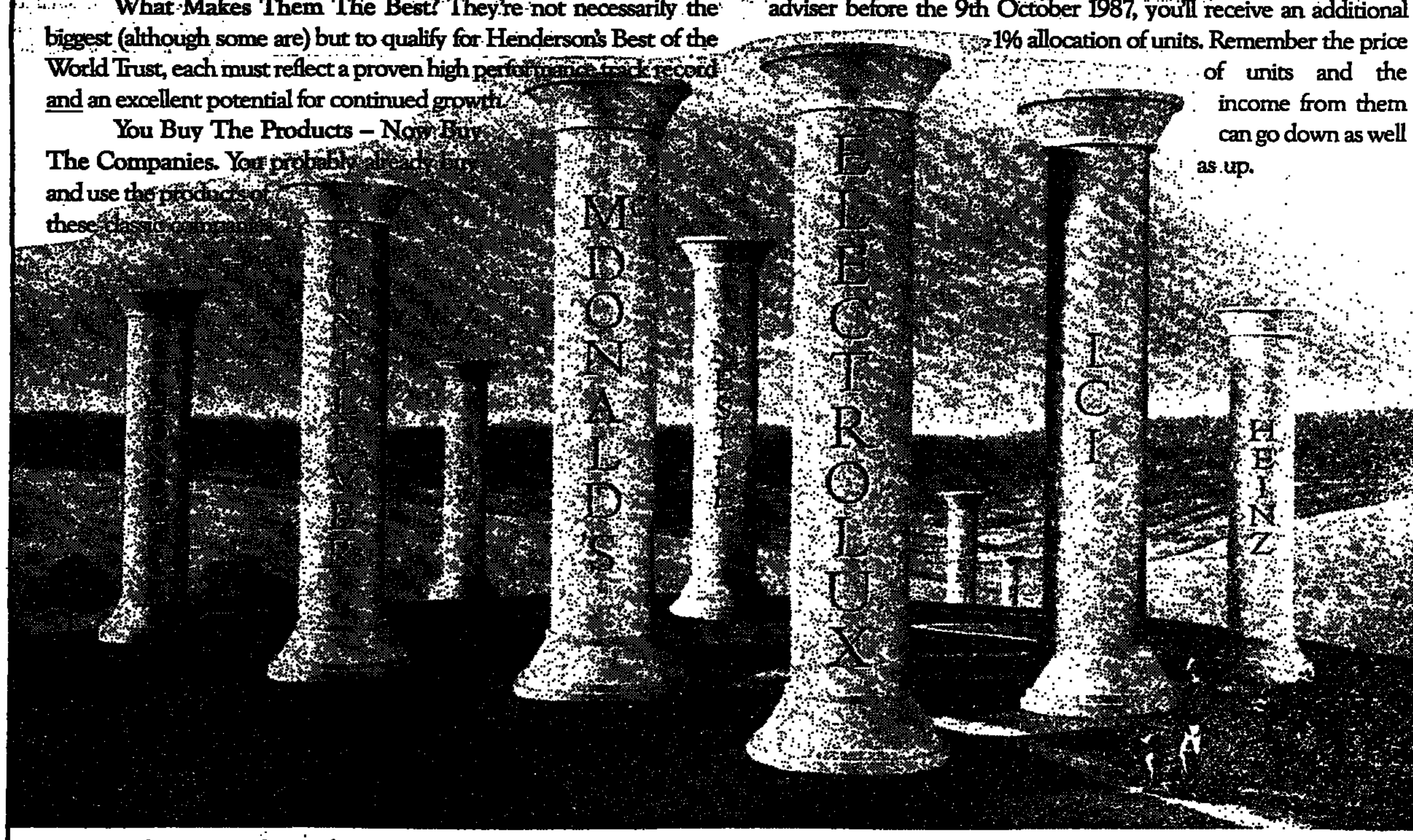
The disadvantage of taking the direct debit option on Classic card is that you have to settle your bill in full every month. It also costs £8 a year.

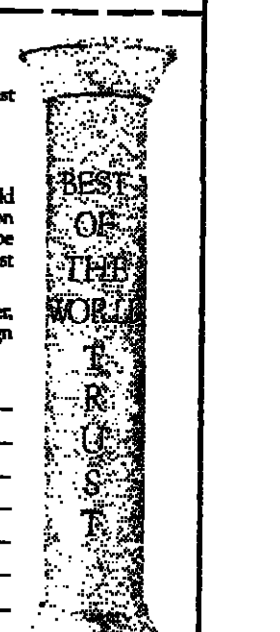
Apart from these features, Classic will work like any other Visa credit card and should be accepted in any retail outlets that take Visa cards.

Whether S&P's decision to undercut the high street banks will have any effect on the rates they charge—now being investigated by the Monopolies and Mergers Commission—remains to be seen.

Mr John Lee, head of Midland Access, one of the leading credit card companies, said: "We're not going to come down in a knee-jerk way."

Hugo Dixon





Weekend Business

Contracts & Tenders

Businesses for Sale

· FINANCE & THE FAMILY ·

Dina Medland outlines steps to regulate the timeshare business

Time for fair sharing

MANY people view timeshare as an investment. Brian Wates, secretary of the British Property Timeshare Association and head of the Timeshare Bourse, which deals in resales and rentals, thinks otherwise: "It is a holiday insurance package which guarantees a high lifestyle on vacation."

Not everyone in the industry would agree. Some developers in particular, while stressing they do not promote timeshare *as an investment, still suggest it* should be seen as acquiring a second home.

Timeshare is buying the right to spend your holiday for a fixed period of time each year in your "own" villa or apartment, in the place of your choice, for a given number of years. You *might be able to swap holiday* locations and times with other people in timeshare resorts worldwide.

At the Elliott Property and Leisure Group, which in 1978 was the first company to launch timeshare projects in England, chairman Graham Williams, *claims all of its owners* have made a profit when reselling their weeks. The reason, he says, is simple: "If you buy the best, there will always be someone ready to buy it from you."

That might be so but the industry as a whole is on the *defensive over its tarnished* image. A September report on timesharing by *Holiday Which?* has pointed to a number of areas in which the small print should be examined carefully. The industry blames many of its problems on shoddy development and extreme "hard-sell" *tactics by just a few within its* ranks. Nevertheless, it has launched a campaign to weed them out.

The three British timeshare associations announced this month they were merging into a new watchdog body with "strict entry requirements *and a rigorous code of conduct.*" The newly-formed Timeshare Developers Association will hope to represent well over half the companies selling to the British market.

Security of purchase and a say in the maintenance and management fees charged are among the guarantees *TDA* members will offer buyers. This also will be a code of conduct which forbids "harassment," limits incentive "gifts, prizes and awards" by insisting they are genuine, and requires full disclosure of relevant information.

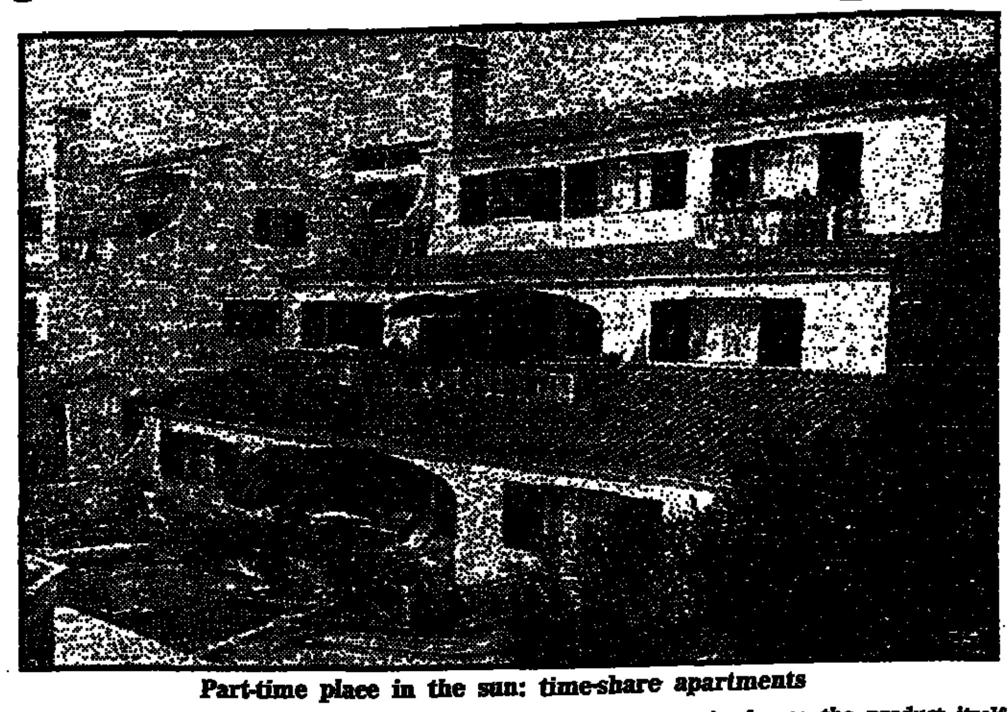
All contracts signed with TDA members will have to carry a contract cancellation period of *at least five working days.* This is an attempt to counter charges that, once it has browbeaten you into a purchase, the industry does not allow you to change your mind.

"This watchdog organisation will have every opportunity of making a big difference . . . *through its requirements of* membership it will act as a self-regulatory body," says Edward Davis, managing director of Interval International, one of the two major timeshare exchange networks.

Davis says it is hoped that a list of members of the new merged body can be announced by November, after which others will be encouraged to join. "By early 1988 I look forward to representing as much as 80 per cent of the UK-domiciled owners of timeshare," he adds.

The new body hopes to control what it calls "the fringe," responsible for the excesses attributed to timeshare. It also wants to raise public aware*ness about timeshare and how it* functions.

Caution is still needed, though, particularly when seeking information about resale. At the Timeshare Bourse, 25 per cent of the inventory is for sale rather than exchange. Resale prices are being dragged down, although Wates insists this is temporary.



Part-time place in the sun: time-share *apartments*

A SPECIAL timeshare buyer's checklist has been compiled by the Department of Trade and Industry to highlight some of the pitfalls to avoid. Here are some of the main points:

- **Sign nothing during your first meeting with the sales rep unless you are given a written promise that you have the right to change your mind within a reasonable period.**
- **Pay nothing—not even a small deposit—at the first meeting unless you're already completely sure you want to go ahead.**
- **Beware of any pressure put on you to sign at once to obtain a discount or other benefit.**
- **Beware of gifts and prizes which may be designed just to encourage you to visit the site or to buy within a deadline.**
- **Insist on full details in writing of what you are being offered. They should include the full price; the type of tenure; how you are to pay for it; a copy of the contract; and so on. If the seller will not let you have them, walk away at once.**
- **Ask about maintenance charges and whether you will have a say in the management arrangements.**
- **Check there is an owners' association to represent your interests and whether is can dismiss the management company if they fall down on the job.**

As far as the product itself is concerned *Holiday Which?* says 59 per cent of those it surveyed were very satisfied, 48 per cent were definitely recommending other people to buy, and 32 per cent would con*sider purchasing a* timeshare property again. Of those questioned, 76 per cent had bought within the past three years.

The industry itself points to a survey conducted by the two major exchange organisations and the British Tourist Authority, which has not yet been published.

This survey, covering 10 per cent of all timeshare owners living in the UK, reports 86 per cent of them to be satisfied or very satisfied with the overall experience and 94 per cent with the product itself.

There are now 100,000 owners of timeshare in the UK, and the industry estimates that more than 500,000 Britons will holiday this year at European timeshare resorts.

Potential buyers undoubtedly will applaud the formation of *the watchdog organisation but,* ultimately, it is up to the consumer to resist the hard sell. "Timeshare is something everyone would love but no one needs . . . it is best sold on the emotional quotient. The nature of the product means that it is unlikely the sales approach is going to change very much," says Wates.

• FINANCE & THE FAMILY •

Teresa Hunter on easing the costs of private education

Borrow to pay the bills

PLANNING AHEAD is the only way to make private education palatable financially. Yet a survey by school fees brokers Whitehead and Partners reveals that 84 per cent of parents rely on current income to meet the bills, although a school fees plan contributes in 64 per cent of cases.

This helps to explain the increasing popularity of loan schemes. Since its launch two years ago, the Independent Schools Information Service loan scheme, through brokers Claremont Savile and NatWest Bank, has lent more than £16m, with the average loan amounting to £16,000. Applications for a further £6.5m of lending are being processed.

Some banks, insurance companies and brokers have joined forces to offer similar schemes. Most recent variations on the theme are the Royal Bank of Scotland and Scottish Widows' Education Expenses Plan and the Bank of Scotland and the Sun Life of Canada's Immediate School Fees Plan.

Through these schemes you can borrow money to meet all or part of fees secured on your home over a variety of terms up to 30 years. Repayment of the loan is through an endowment *or pension policy.*

Most schemes have a drawdown facility which keeps interest to a minimum by ensuring the loan is taken up only as the fees fall due.

Claremont Savile offers a Mortgage Express credit facility through the TSB. An existing mortgage is replaced with a loan from TSB at its standard mortgage rate, and funds for school fees can be drawn down when needed.

A majority of loan schemes, such as Isis and Royal Bank of *Scotland charge an interest rate* of 2.5 per cent above base rate. The Sun Life of Canada is slightly cheaper at 2 per cent above base.

Interest repayments over an extended period such as 25 years will mean the doubling of the final school fees bill. With the Sun Life of Canada 15 terms at £1,000 per term will cost more than £32,000 in interest and premium payments.

After three years on the scheme, interest repayments *coupled* with the endowment premiums could cost as much each year as the fees, according to Invest For School Fees, a school fees broker.

IFSF managing director Joe Collins says "The interest charges rise year on year. It's only in the first three years you get any benefit. After that you are laying out as much each year on interest and premiums as you would be in school fees."

The best way to fund school fees is to get someone else to pay them. Berkeley St James's is currently devising a new employee benefits package to include school fees which will be launched next month.

The most tax efficient method of funding fees is for grandparents to contribute by taking out a deed of covenant allowing the child to reclaim basic rate tax.

A broadly-based unit trust portfolio, backed by money on *deposit* with a building society should prices fall as fees are due, is a method currently favoured by many brokers inspite of recent stock market volatility.

Whitehead's director Brian Smith explains "It offers a greater flexibility than many of the insurance based schemes."

Whitehead's School Fees Fund, a broker-managed investment in Sun Alliance funds managed by Smith New Court Investment Services, has been 45 per cent on deposit since interest rates were increased.

Educational trusts are most useful for children starting school in the near future. Despite their tax advantages for the higher rate taxpayer, their inflexibility coupled with comparatively low returns of around 7 per cent is doing little to excite brokers.

To invest via an educational trust you pay a lump sum to an insurance company such as Equitable Life, Save and Prosper or Royal in return for a guaranteed level of fees. If you pay £7,525 to Equitable Life it will undertake to pay 15 terms of fees in 12 years at £1,800 per term with a provision for 8 per cent inflation.

Alternatively a capital payment known as composition fees can be made direct to many schools who purchase an annuity to meet your fees.

With-profit endowment policies and maximum investment plans can be used to provide lump sums at specific dates. The Scottish Amicable has a ten-year flexi-save contract which guarantees values after seven years.

Ten-year endowments are usually bought to mature at consecutive years. Early surrender is heavily penalised and relying exclusively on unit-linked plans could involve cashing units when the price is low.

Most brokers construct individual portfolios for clients comprising building society deposit, insurance contracts, personal equity plans, national savings, bonds and unit trusts.

The spread of investments will depend on the rate of tax paid by the investor and his ability to tolerate risk.

EDUCATIONAL TRUSTS

Lump sum required to fund 15 terms of £850 per term
(Quotes given June 1987)
Number of years between inception of plan and child's entry to school

	0-3 mths £	3 yrs £	6 yrs £	9 yrs £	12 yrs £
(a) Level Fees (ie total £12,750)					
Equitable Life†	10,880	7,899	5,857	4,274	3,081
Royal Life	11,323	9,036	7,212	5,710	4,499
Save & Prosper	11,616	8,984	7,250	5,674	4,474
SFIA‡	11,270	8,877	6,908	5,393	4,205
(b) Escalating at 8 per cent per annum*					
Equitable Life†	12,611	9,130	6,772	4,933	3,558
Royal Life	13,110	10,469	8,356	6,616	5,211
Save & Prosper	12,793	10,427	8,414	6,576	5,186
SFIA‡	13,049	10,278	7,999	6,246	4,870

Lump sum required to fund 15 terms of £1,900 per term
(Quotes given June 1987)
Number of years between inception of plan and child's entry to school

	0-3 mths £	3 yrs £	6 yrs £	9 yrs £	12 yrs £
(a) Level Fees (ie total £27,000)					
Equitable Life†	23,041	16,726	12,403	9,051	6,524
Royal Life	23,977	19,134	15,273	12,093	9,527
Save & Prosper	23,328	19,024	15,353	13,925	9,475
SFIA‡	23,865	18,798	14,628	11,421	8,905
(b) Escalating at 8 per cent per annum*					
Equitable Life†	26,705	19,335	14,324	10,451	7,525
Royal Life	27,764	22,169	17,695	14,010	11,034
Save & Prosper	27,092	22,081	17,818	13,925	10,983
SFIA‡	27,644	21,774	16,946	13,232	10,318

* Inflation is calculated as running at 8 per cent per annum compound from the time the school fees payments commence.
† The quotes given by Equitable Life are based on with-profits policies for the 3, 6, 9 and 12-year periods.
‡ SFIA Investment Annuity is available for financing fees not due for at least five years. Based on the fund's performance over the last seven years, the capital figures for 6, 9 and 12 years would have provided considerably higher fees if in this fund.

Five ways of providing the same level of fees

School fees, now £2,000 a year inflated at 5 per cent for two children aged six and three

Year	Fees required £		Plan 1 £	Plan 2 £	Plan 3 £	Plan 4 £	Plan 5 £
			Annual investment				
1986			1,488	1,953	2,001	2,472	14,732
1987			1,651	1,953	2,240	2,472	
1988			1,821	1,953	2,488	2,472	
1989			1,999	1,953	2,747	2,472	
1990			2,187	1,953	3,016	2,472	
1991	2,553		2,384	1,953	2,962	2,135	
1992	2,681		2,384	1,953	2,632	1,840	
1993	2,815		2,384	1,953	2,364	1,597	
1994	5,910		2,384	1,953	1,872	1,127	
1995	6,206		2,384	1,953	1,448	774	
1996	6,516		2,384	1,953	956	542	
1997	6,842		2,384	1,953	522	309	
1998	3,592		2,384	1,953	330	198	
1999	3,772		2,364	1,953	156	95	
2000	3,960		2,384	1,953			
	£44,847	Total saving	£11,883	£17,646	£19,130	£23,879	£30,130

Plan 1—Increasing cost plan. Plan 2—Constant payment plan. Plan 3—Higher initial payments then decrease. Plan 4—Constant payment for five years then reducing. Plan 5—Shows highest savings with a capital investment.

CHESS

MOST chessmasters acquire a reputation by their overall results, by first prizes in tournaments or victories in matches. A minority have a different distinction as creators of new theoretical ideas, sacrificial attacks, or endgame studies.

A leading contemporary figure in this second group is Yacov Murey, a former Soviet player now of Israel. Murey was the ideas man in Viktor Korchnoi's team for his 1977-78 world title campaign, working out new openings and defences or analysing overnight adjournments. Some of his suggestions proved bizarre, but on one occasion his midnight oil rescued an adjourned position many expected Korchnoi to resign.

Murey is clearly grandmaster strength, but the title has narrowly eluded him several times: the competitive pressures have been too hard when the norm was close. His fertile, inventive qualities remain strong, as in his remarkable move eight novelty in this week's game. The King's Gambit is a notable attacking opening, so a voluntary black king move breaks a taboo. It provokes White to premature threats, and Murey sets up a winning counter.

White: IM M. Illescas (Spain). Black: IM Y. Murey (Israel).

King's Gambit (Holon, Israel, 1987).

1 P-K4, P-K4; 2 P-KB4, P-Q4; 3 KPxP, PxP; 4 N-KB3, N-KB3; 5 B-N5 ch, P-B3; 6 PxP, NxP; 7 P-Q4, B-Q3; 8 Q-K2 ch, K-B1!?

Normal here is 8...B-K3; 9 N-N5, 0-0; 10 NxB, PxN; 11 BxN, PxB; 12 0-0, Q-B2; 13 QxP ch, K-R1 when Black's play for a pawn may be insufficient. Murey's novelty avoids the exchange of his QB, and hopes to use the K file for a black rook.

9 BxN, PxB; 10 N-K5? Q-N3! 11 N-B4. White's knight advance (best was 10 0-0 followed by P-B4) was decidedly premature, and now if 11 P-B3, B-R3! with R-K1 and a strong attack to follow.

11...QxQP; 12 NxB, QxN; 13 0-0, P-N4; 14 B-Q2. The try 14 P-QN3, Q-Q5 ch; 15 Q-B2 works well on QxR? 16 Q-B5 ch! but Black has 15...QxQ ch; 16 RxQ, N-K5 with advantage.

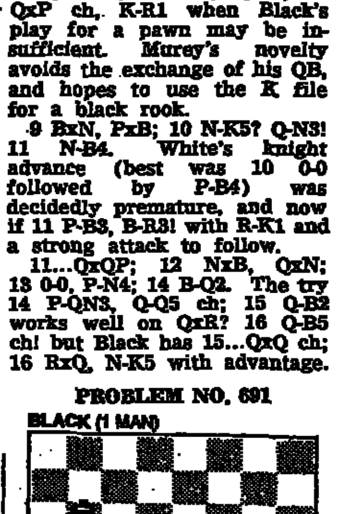
14...Q-B4 ch; 15 K-R1, B-N5; 16 Q-K1, K-N2; 17 B-N4? (17 B-B3 holds out longer), Q-B4; 18 Q-B3; KR-K1; 19 N-Q2, K-N1; 20 QR-K1, B-K7! 21 R-B2, B-N4!

Black's debated QB leads the final assault, on the back rank and the long diagonal.

22 RxR ch, RxR; 23 P-KR3, R-K8 ch; 24 K-R2, P-N5; 25 P-KN3, Q-Q4; 26 Resigns. If 26 R-N2, PxRP wins.

PROBLEM NO. 691

BLACK (1 MAN)



WHITE (2MEN)

White mates in six moves, against any defence (by J. Jespersen, 1883). Such a basic *endgame is an improbable* arena for a composed problem, but White has to take a surprise route.

Solution Page XXIII

Leonard Barden

MOUNTAINEERING

IN LAST week's article The most savage mountain, we referred to the Essex company Life Support Systems. The company providing oxygen for the K2 expedition is, in fact, called Life Support Engineering, is privately owned and is based in Sussex.

ADVERTISEMENT

BUILDING SOCIETY INVESTMENT TERMS

	Product	Applied rate net	Net CAR	Interest paid	Minimum balance	Access and other detail
Abbey National (01-486 5555)	Sterling Asset	8.50	8.50	Yearly	Tiered	Inst. ov. £10K 8.25/7.75+bonus
	Five Star	8.00	8.00	Yearly	Tiered	Instant 7.75/7.50/7.00/6.75
	Cheque-Save	7.85	7.50	½-yearly	Tiered	Chq. bk. 7.36/6.88/4.45
	Share Account	5.00	5.06	½-yearly	£1	Instant access
Aid to Thrift (01-638 0311)	Ordinary Sh. Ac.	8.25	8.42	½-yearly	£1	Easy withdrawal, no penalty
Alliance and Leicester*	Prime Plus	8.75	8.75	Yearly	£10,000	3 m. nt. 8.50 £2½K+, 8 £500+
	Gold Plus	8.00	8.00	Yearly	£25,000	Tiered to 6.50 £500+, inst. acc.
	BankSave Plus	7.25	7.25	Yearly	£10,000	6.75 £2½K+, 5.75 £1+ cur. a/c
	ReadyMoney Plus	5.00	5.06	½-yearly	£1	ATM access (min. bal. £100)
Barnsley (0226 299601)	Summit 2nd max.	8.25	8.25	M./Yearly	£1,000	90 days' not./pen. bel. —£10K
Birmingham Midshires	Premier Access	8.00	8.00	Yearly	£25,000	Tiered rates from £100
(0902 710710)	Premier Bonus	8.75	8.75	Yearly	£1,000	Differential guaranteed 2 years
Bradford and Bingley (0274 561545)	Maximiser Bonus	7.50	7.50	Yearly	£1,000	Inst. acc. Bonus for no withdrwls.
	Maximiser Inc.	8.25	8.25	Monthly	£5,000	3 mths. Plus 0.25% for £25,000
	Maximiser Grwth.	8.50	8.50	Yearly	£5,000	3 m. nt. Plus 0.25% for £25,000
Bristol and West (0272 294271)	Matrixcard	5.00	5.06	½-yearly	£1	Inst. Acc. £500 6.85
	No. 1 Capital	8.60	8.60	Yearly	£25,000	3 months' notice, £500 8.30
	No. 1 Income	8.30	8.62	Monthly	£25,000	3 months' notice, £500 8.00
	Triple Bonus	8.10	8.10	Yearly	£25,000	Tiered to 7.30 £500+, inst. acc.
	Share Account	5.00	5.06	½-yearly	£1	Instant access, no penalty
	O'seas Inv. Bd.	—	—	Yearly	£1,000	11.00 gr. 3m. nt. non-UK res.
Britannia (0538 399399)	Tr. Supr. Gold +	8.20	8.20	Yearly	£25,000	Immed. access. Mthly. inc. avail.
Cardiff (0222 27328)	90-Day Account	8.05	8.21	½-yearly	£1,000	Inst. acc. if min. bal. £10K+
Catholic (01-222 6736/7)	Jubilee Bond II	8.50	8.50	Monthly	£2,000	90-d. pen./not. m. int. tfr. 8.71
Century (Edinburgh) (031 556 1711)	Fxd. Rate 2/3 Yrs.	8.80	8.80	Yearly	£1	Guaranteed rate 2/3 years
Chelsea (01-602 0006)	Lion Shs. (S. Is.)	8.75	8.75	Yearly	£500	Imm. wdl. int. pen. or 3 mths.
Cheltenham and Gloucester	Chelt. Gold	8.00	8.00	Yearly	Tiered	8.00/7.75/7.00/5.00. No nt./pn.
(0242 36161)	Gold Mthly. Int.	7.72	8.00	Monthly	Tiered	No notice/penalty
Cheshunt (0992 26261)	Spec. 4-Term Sh.	8.75	8.75	M./Yearly	£20,000	90 days' notice/penalty
	Instant Access	8.05	8.05	M./Yearly	£20,000	Instant access. Tiered a/c
City of London, The (04862 28233)	Capital City Gold	8.35	8.35	Yearly	£17,500	Instant access. Tiered account
Coventry (0203 52277)	Moneymaker	8.05	8.05	Yearly	£10,000	Inst. acc. no pen. mthly. int.
	Moneymaker	7.80	7.80	Yearly	£5,000	£10,000 7.77, £5,000 7.53
	3-Year Bond	8.50	8.50	Yearly	£1,000	Close 90 days' not. & penalty
	90-Day Option	8.50	8.50	Yearly	£5,000	£500+ 8.25 90 days' not/pen.
Frome Selwood (0373 64367)	Gold Minor Acc.	8.50	8.68	½-yearly	£1	On demand: 0-18-year-olds
Gateway (0903 68555)	Star 60	8.25	8.25	Yearly	£20,000	60 days' pen./not. £500+ 8.00
	Gold Star	8.00	8.00	Yearly	£20,000	Inst. £10K+ 7.75, £5K+ 7.50
Greenwich (01-858 8212)	2-yr. term Share	9.25	9.25	Yearly	£2,500	No partial withdrawals
Guardian (01-242 0811)	Premier Shares	8.45	8.72	Quarterly	£3,000	No not./pen. to bal. £3,000+
Halifax*	90-Day Xtra	7.75	7.90	M./½-yrly.	£500	90 days, but
	90-Day Xtra	8.00	8.16	M./½-yrly.	£10,000	instant where
	90-Day Xtra	8.25	8.42	M./½-yrly.	£25,000	£5,000 remains
Hendon (01-202 6384)	3-Month Shares	8.33	8.50	½-yearly	£1,000	3 months' notice
Lambeth (01-928 1331)	Regal Shares	9.10	9.10	Yearly	£250	Inst. ov. £8K, 60d. after 1st yr.
Lancastrian (061 643 1021)	Masterplan	8.75	8.75	Yearly	£15,000	Instant access no penalty
Leamington Spa (0926 27920)	Fully Paid	5.10	5.16	½-yearly	£1	Immediate
	High Flyer	8.25	8.25	Yearly	£10,000	Withdrawals on demand
		7.55	7.55	Yearly	£1,000	without penalty
	Super 90	8.50	8.50	Yearly	£10,000	90 days' notice or imm. acc.
		8.00	8.00	Yearly	£1,000	+ 90 days' loss of interest
Leeds and Holbeck (0532 459511)	Capital Interest	8.25	8.25	Monthly	£5,000	90 days' notice or penalty
	Capital Access	8.50	8.50	Yearly	£5,000	Same N/A on bal. £10,000+
Leeds Permanent*	Liquid Gold	7.00	7.00	Yearly	£500	7.5 £5K+7.75 £10K+8 £25K+
	Premium Reserve	8.50	8.50	Yearly	£5,000	9.25 premium guaranteed 1 yr.
	Pay & Save	5.00	5.06	½-yearly	£1	7.00 £2,000+
Marsden (0282 692821)	Rainbow	8.50	8.50	Yearly	£25,000	Min. bal. £500+ tiered int.
	Rainbow	8.30	8.30	Yearly	£10,000	+ Instant access no penalty
Mornington (01-485 5575)	2-Year Term	9.25	9.25	Yearly	£3,000	90 days' penalty
National and Provincial*	Security Bond	9.00	9.00	Yearly	£500	2yr tm 4% df gd 90 dys' pn to cls
	Notice Account	8.50	8.50	Yearly	£500	90 days' notice or penalty under
	Monthly Income	8.20	8.20	Monthly	£1,000	£10,000
	Inst. Access+	8.00	8.00	Yearly	£30,000	No notice no penalty
National Counties (03727 42211)	Emerald Shares	9.00	9.00	Yearly	£25,000	Immediate if £20,000 remains
Nationwide Anglia (01-242 8822)	Capital Bond	8.50	8.50	Yearly	£1,000	90 days' notice or penalty
	BonusBuilder	8.00	8.00	Yearly	£25,000	7.75 £10K+, 7.50 £5K+, 7.25 £2K+, 6.75 £500+, 5.00 £1+
	Capital Bonus	8.50	8.50	Yearly	£25,000	8.25 £10K+, 8.00 £5K+, 7.75 £500+
	Income Bond	8.25	—	Monthly	£2,000	90 days notice or penalty
Newbury (0635) 43676	Instant Premium	8.25	8.25	Yearly	£25,000	Instant access. Tiered a/c
	Treasure Plus	8.50	8.50	Yearly	£25,000	3 mths. not./pen. Tiered a/c
Newcastle (091 232 6676)	Super 90	8.25	8.25	Yearly	£500	90 days' notice or penalty
	Nova Plus	8.05	8.05	Monthly	£20,000	Instant access, tiered account
Northern Rock (091 285 7191)	Mnyspinner. Plus	8.30	8.30	Monthly	£20,000	Instant access no penalty
		8.05	8.05	Monthly	£10,000	Instant access no penalty
		7.60	7.60	Monthly	£5,000	7.35 £500+ instant access
	Prem. Gwth. Bnd.	8.30	8.62	Monthly	£5,000	No wdls. 1 yr. then no not./pn.
Norwich & Peterb'gh (0733 51491)	Premier Plus	9.00	9.00	Yearly	£25,000	8.50 £5,000+, 50 days' nt./pen.
Nottingham (0602 481444)	Super 90	8.50	8.50	Yearly	£20,000	No penalty over £10K
Peckham (Freephone Peckham)	Supershares	8.50	8.84	Monthly	£2,000	£2,000 + no notice/penalty
Portman (0202 292444)	Prem. Plus Shs.	8.25	8.25	M./Yearly	£50,000	3 mths' notice/imm. 1 mth. pen.
Portsmouth (0705 291000)	3-Year Share	8.65	8.84	M./½-yrly.	£500	No restrictions over £10,000
Regency (0273 724555)	Plus	8.40	8.40	Yearly	£25,000	No nt./pn. £5K 8.05, £500 7.25
Scarborough (0723 368155)	Sol. Gld. Cap. Bd.	8.50	8.50	M./Yearly	£10,000	60 days' not. or loss of int.
Skipton (0756 4581)	Sovereign	8.40	8.40	Yearly	£10,000	Instant access/No penalty
	Sovereign	7.75	7.75	Yearly	£5,000	Monthly income available on
	Sovereign	7.35	7.35	Yearly	£500	investments of £2,500+
Stroud and Swindon*	Century (2-year)	8.75	8.75	Yearly	£20,000	8.50 £2,000+, 90 d. nt./int. pr.
Town and Country (01-353 1476)	1-Yr. Super Term	9.10	9.10	Yearly	£1,000	Guaranteed 4.10 differential
	Moneywise	7.75	7.75	Yearly	£25,000	Chq. bk., Visa/ATM cds. int. var.
	Super 60	8.50	8.50	Yearly	£10,000	Withdrawal available
Wessex (0202 767171)	Ordinary Shares	8.00	8.16	½-yearly	£1	No notice no penalties
Woolwich*	Capital	7.75	7.90	M./½-yrly.	£500	90 d. not./pen., £10K+ imm.
	Prime	8.00	8.00	Yearly	£20,000	Instant access. 7.00 £500+, 7.50 £5K+, 7.75 £10K+
	Gorntd. Prm. Shs.	8.50	8.50	M./Yearly	£10,000	90 days' not./pen. £10K+ imm.
Yorkshire (0274 734822)	Platinum Key	8.00	8.00	Yearly	£500	60 days' notice/penalty
	Platinum Key	8.25	8.25	Yearly	£10,000	Instant over £10,000
	Platinum Key	8.50	8.50	Yearly	£25,000	Instant over £10,000

* For telephone see local directory. CAR = Annual yield after interest compounded

3/10

• FINANCE & THE FAMILY •

Taxman confused

I submitted a claim for the indexation allowance on my building society account and at the same time I sent an article from your paper and a letter from a reader in reply to which you advocated an appeal to the Special Commissioners. In the course of your answers you stated that this would result in the case being looked at by a tax officer who understands the law.

In spite of this my inspector of taxes has replied as follows: "The loss claimed on your building society is precluded in the Board's view by Section 37 (b) FA 1986."

Do you still recommend that I should give notice of appeal to the Special Commissioners?

Your tax inspector is confusing income tax with capital gains tax—and furthermore, even if you had been claiming income tax relief, his reply shows that he has overlooked section 71 of the Finance (No. 2) Act 1987. Write to the District Inspector: you should get more sense out of her or him.

Buyer of rights

Shortly after I had sold part of my holding in a company, it announced a renounceable rights issue in two payments. I did not inform the buyer's stockbrokers as noted on the rights document.

After I had paid the first call, my stockbroker asked for a transfer of the buyers entitlement to the rights. Am I legally obliged to hand these over—as I intend to in any case?

What would the position have been if I had not taken up the rights, which were of marginal value?

Yes: the nature of your contract of sale is such that you became a trustee for your buyer of rights which accrued after the date of the contract. The legal obligation therefore matches your intention. Had you not wished to take up the rights issue you should have informed your broker in time to enable the buyer to do so or to pay for you to do so on his/her behalf.

Age relief sought

An OAP window has total taxable income of £8,300 which includes a retirement pension and UK dividends. She also received £3,000 pa under what is described as "a disability pension exempt from income tax under section 365 ICTA A70" which *is not* included in the £8,300. Her claim for old age allowance, and thus a reclaim of the tax credits associated with her dividends, has been refused by the inspector for 1985/86 on the basis that although the pension itself is exempt from tax it is nevertheless brought into account in determining the total income limit for old age relief. Can this really be?

And if so does the July 1986 increase in old age pensions which was also declared free of tax enter into the calculation for determining old age relief in 1986/87?

It looks as though the widow's tax inspector has not taken the trouble to read either section (365(1) of the Income and Corporation Taxes Act 1970 — which clearly says that "pensions to which this subsection applies . . . shall not be reckoned in computing income for any of the purposes of the Income Tax Acts" — or the Taxpayer's Charter, the third subparagraph of which says that a taxpayer will "be required to pay only the amount of tax properly due *according* to the law."

The July 1986 increase in her social security pension is also ignored in calculating her total income for age-relief purposes for 1986-87 (but not for 1987-88 onwards), because—as we have in fact mentioned previously in our Briefcase column—section 52 of the Finance Act 1986 says that "so much of any relevant pension or allowance as is *attributable to any general* increase taking effect in the year 1986-87 shall be left out of account for all the purposes of income tax charged for that year . . .".

We recommend that you or the widow herself write to the District Inspector in charge of her tax office (quoting the reference number), drawing his or her attention to the fact that the officer responsible for the widow's tax file is in need of further training. The District Inspector will be grateful, and will doubtless arrange a review of all age-relief cases which the officer in question has dealt with.

• BRIEFCASE •

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Penalty decision

I have a 90 day account with a building society. I recently withdrew a cheque for £2,000 for purchase of some shares. The cheque was subsequently returned uncashed. I was informed by the local office that I would forfeit 90 days' interest on this sum. This has been confirmed by letter from head office. I feel strongly that I should not be penalised when no cash has left my account. Is this normal practice?

As building societies credit and debit depositors' accounts on the date when cheques are passed across the counter, the society in question is entitled to insist on the penalty. You may, however, write to the board suggesting that the penalty should be waived in the present instance as the money was never withdrawn.

Within UK tax scope

A few years ago I read an article in your paper relating to the government's decision to tax bank deposit accounts at source. The article recommended opening an account in a bank in the Channel Islands where no tax would be deducted.

I am now having to complete a self-employed tax form, and on enquiring at my local tax offices I found that they were unaware of the claim made by your article, and believe that I shall have to pay tax on the interest accredited to my deposit account in the Channel Islands. Could you please be good enough to give details of the necessary legal sections relating to deposit accounts held in the Channel Islands by a private individual, so that I may quote them when completing my form. Do I pay tax on bringing the money into this country?

We take it that, as well as being resident and ordinarily resident in the UK, you are domiciled in England and Wales (or in Scotland or in Northern Ireland). That being so, you are taxable on your Channel Island deposit interest, under the rules of case V of schedule D, regardless of whether you bring the money into the UK.

What we explained in the article *you read* was *that* interest on a Channel Island bank account would be outside the composite-rate scheme; we did not say that it would be outside the scope of UK income tax. The odd workings of the composite-rate scheme are outlined in a free pamphlet IR55 (1985), entitled "Bank interest—paying tax," which is obtainable from your tax office.

The interest arising from each pound deposited in your Channel Island account is assessable to UK tax as follows (assuming that interest is not credited on April 6):

Year of assessment
Year in which interest first arises
Second year
Third year
Fourth year
—and so on, until—
Year before withdrawal
Year of withdrawal

Basis of assessment
Current year's interest
Current year's interest
Preceding year's interest (again) or current year's *interest, whichever you prefer* (i.e. whichever is the lower figure)
Preceding year's interest
Preceding year's interest or current year's interest, whichever is the higher figure
Current year's interest

BRIDGE

ONE MOMENT'S thought may mean the difference between defeat and victory. In this first hand, from team play, declarer failed to think:

```
              N.
            ♠ K J 8
            ♡ K 5 3
            ◇ 4
            ♣ A K 10 8 4 2
  W.                        E.
♠ 7 4 3                   ♠ 6 2
♡ J 9 6 2                 ♡ A Q 10 7
◇ K 10 9 5 2              ◇ Q J 8 3
♣ 5                       ♣ Q 9 7
              S.
            ♠ A Q 10 9 5
            ♡ 8 4
            ◇ A 7 6
            ♣ J 6 3
```

North dealt with East-West vulnerable and opened the bidding with one club, to which South replied with one spade. North raised to two spades, South made an intelligent rebid of three diamonds, and North *now* jumped to four spades.

West *opened with the five of* diamonds. South took East's knave and summed up the position. He ruffed a diamond on the table, cashed the king of spades, then the ace of clubs, and drew two more rounds of trumps.

When he led the knave of clubs, West showed out, so a low card was played from dummy, and the queen won. East returned a diamond. West's five, if genuine fourth-best, showed a five-card suit. So East knew that the declarer had a diamond in this hand. West won, and a heart switch defeated the contract.

The *declarer should* have taken stock before winning the first trick. If he allows East's knave to hold, he cannot be defeated. A diamond return is ruffed, trumps are drawn, and the knave of clubs runs to the queen. East cashes his ace of hearts, and South makes the rest.

This deal is from a rubber of poor standard:

```
              N.
            ♠ 7 6 5 2
            ♡ K J 8 3
            ◇ A Q 5
            ♣ K 8
  W.                        E.
♠ 10 3                    ♠ A K J 8 4
♡ 10 2                    ♡ 6 5
◇ 10 8 7 6                ◇ K J 3
♣ Q 9 5 4 2               ♣ J 6 2
              S.
            ♠ Q 9
            ♡ A Q 9 7 4
            ◇ 9 4 2
            ♣ A 10 7
```

East dealt at a love score and bid one spade, and South overcalled with two hearts. This was a very dangerous over-call, but South was lucky, because North had a good hand and raised to four hearts.

West led the ten of spades, East made king and ace, and followed with the knave. This was ruffed high, and trumps were drawn in two rounds.

South matched his bad bidding with an equally bad play. He led a diamond and finessed the queen — it was obvious that East must hold the king for his opening bid. East won, and returned another spade. South ruffed, but had to concede a second trick *in* diamonds, and went down.

The contract was cold. After ruffing the third spade, declarer should draw trumps, cash king *and ace of clubs, and ruff his* last club on the table. Now he leads dummy's seven of spades, on which he discards his two of diamonds. East is forced to win, and is endplayed. A black suit return concedes a ruff discard, a diamond runs into dummy's major tenace.

To miss this simple elimination and endplay was a poor performance.

E. P. C. Cotter

COLLECTING

Antony Thorncroft casts a cold eye at touted reputations

Unsuitable to speculate

AFTER THE briefest summer pause the salerooms and dealers are back in business, hoping that the 1987-88 season will maintain the momentum of the last eight years or so. While the Stock Exchange in particular, and the British economy in general, continue to prosper, there should be enough surplus cash looking for art.

Unfortunately, many of the new collectors regard buying pictures as an extension of their investment portfolio. There is a speculative element in the market which encouraged by the action houses, jumps on band wagons, believes in touted reputations and accepts all the headlines about "record" prices.

The seasoned dealers are incredulous at some of the sums being paid for poor works by reputable artists—or for gaudy works by second-rate artists. Some of their tut-tutting is sour grapes (failure to acquire today's expensive pictures when they were very cheap) but undoubtedly many of the paintings bought this year will take some time to show a reasonable profit.

They should not have been bought with that in mind. Salerooms and dealers are always looking for a new market to develop. The classic example in the last three years has been the Newlyn School, which had been ignored for too long. Some great paintings came from this attempt at back-to-nature, *plein air* art in Cornwall in the 1880s and 1890s. As time went on, and the Newlyn School became the Post-Impressionists, the paintings were often picturesque—but rarely moving.

But now everyone wants a decorative Dorothea Sharp, or a Harold Harvey, or a Laura Knight, or a Stanhope Forbes; their prices have risen up to ten times in about four years. Some are approaching six figures. This way, madness lies.

It is good that British art of the early 20th century should be better appreciated: good for art generally; and for the salerooms, who have cleverly packaged the paintings; and for the dealers, like David Messum, who saw the possibilities early on. Because the artists were often prolific there is an active market in the paintings—they are easily available, although at ever-rising prices. Soon the *genre* will have exhausted itself and another "school" will be re-discovered. There is little doubt that this will be British art of the 1930s, and, especially, of the post-Second World War period.

Shrewd dealers already have their *cache* of the neo-Romanticists, and of artists like Graham Sutherland. Sotheby's is putting the seal on the new discovery in November, when it holds a sale of important British post-war art. It will have provided a service in opening people's eyes to forgotton talents, and also prepared the way for much profit-making by dealers and salerooms.

A detail from "Punts Meeting," by Stanley Spencer, for sale with a £300,000 top estimate at Sotheby's in November.

All this interest in the art of the past century has suddenly made the best Victorian pictures seem very cheap. There was a good example at Sotheby's a year ago; a beautiful painting by the rare Pre-Raphaelite artist John Inchbold, entitled "Mid-Spring," made only £24,200, less than the price of a Dorothea Sharp, a much lesser painter.

Fortunately, both Sotheby's and Christie's are offering some top quality Victorian pictures this autumn. At Sotheby's there is an Alma-Tadema of Cleopatra in her barge (which sold in the Funt sale of 1973 for £18,000, and now carries a £150,000 estimate—a fairly modest appreciation), as well as works by Lord Leighton and Burne-Jones. Significantly, the most expensive British picture at Sotheby's this autumn could be a Stanley Spencer, with a £300,000 top estimate.

Christie's offers a good version of Rossetti's "Prosperine," which should top £500,000, as well as a "lost" Leighton. Remorselessly the auction houses have come to dominate the art market. They have now educated many collectors in buying direct from them. This makes life doubly difficult for the dealers who are both losing potential clients and having to compete with them at auction in the knowledge that if they do succeed in securing a good picture against a collector, somehow they must find a customer for it who is prepared to pay the dealers' profit margin of up to 50 per cent more.

The best dealers get on quietly with their professional job. By specialising, as the Royal Exchange Gallery specialises in marine pictures, for example, they can build up a regular clientelè and use their knowledge to buy cheaply.

Other dealers keep to artists they believe in, irrespective of fashion. Frost-Reed's latest show, of French artists of the early 20th century, the followers of Boudin who did not take the post-Impressionist route, homes in on another consequence of the recent fascination with modern British art—the fact that French—and other continental artists of the same period—now offer excellent value.

What should the modest collector buy? Obviously something he or she likes, of good quality. In the boom of the past few years, even poor purchases have not fallen much in value, but this happy situation might not last much longer. Already storm clouds are gathering in the US, and certain sectors, such as sporting pictures, are suffering a setback. In a year's time, historical values might have re-asserted themselves in the UK.

If you cannot avoid half-thinking about appreciation always go for the best. If paintings are too expensive, the water colours and drawings of great artists like Burne-Jones can still be bought for reasonable sums. Topographical watercolours have become very expensive, especially the highly decorative work of Helen Allingham and Birket Foster. But the late 18th century and the early 20th century offer possibilities. And the Camden Town School seems to have been left behind in the rush to Newlyn.

But above all, go for quality rather than name; forget, if you can, about price appreciation; and try to strike up a trusting relationship with a knowledgable—not too mercenary—dealer.

Country Property

John Brennan suggests that the house price cycle has passed its peak

Market faces gentle letdown

IN EVERY bull market, there are always a few people standing on the sidelines muttering darkly: "It can't last." The residential property market tends to attract a particularly *large crowd of prophets of doom* because they are assured of a big audience.

Warnings about an imminent end to the price rises of recent years are guaranteed to send shivers of fear down the spines of home-owners who have traded-up and borrowed to the hilt in the process. Talk of a house price "slump" also strikes terror into the wallets of the direct residential property investors; slump warnings result in "sell" orders from expatriates and private investors who have bought central London flats, which are rented to help cover their financing costs but which are held primarily for their prospective capital appreciation.

Sightings of the precipice also cause consternation among the *growing number of residential* futures traders who have paid for contracts to buy flats in uncompleted developments with the intention of selling into a rising market.

Estate agents whose memories do not extend back to the property crash of 1973-74, and who are often hazy about what exactly happened at the beginning of the 1980s when most of the residential market shuddered to a halt, dismiss all these cautionary tales out of hand. They regard them as the lunatic ravings of people who don't trade-up every 18 months, who haven't borrowed 110 per cent of next year's income to get a property they cannot yet afford but which will—they hope—become a bargain in retrospect; and who haven't taken out a second mortgage on their children to pay the deposit on 14 soon-to-be-built apartments in Docklands.

It is tempting to treat those agents' reckless faith in ever-rising values as the strongest possible reason to think that the market has already dipped over *the peak of its present cycle and* is careering down the other side. But the facts, such as they are, support neither the doomsters nor those with an eccentric sense of optimism.

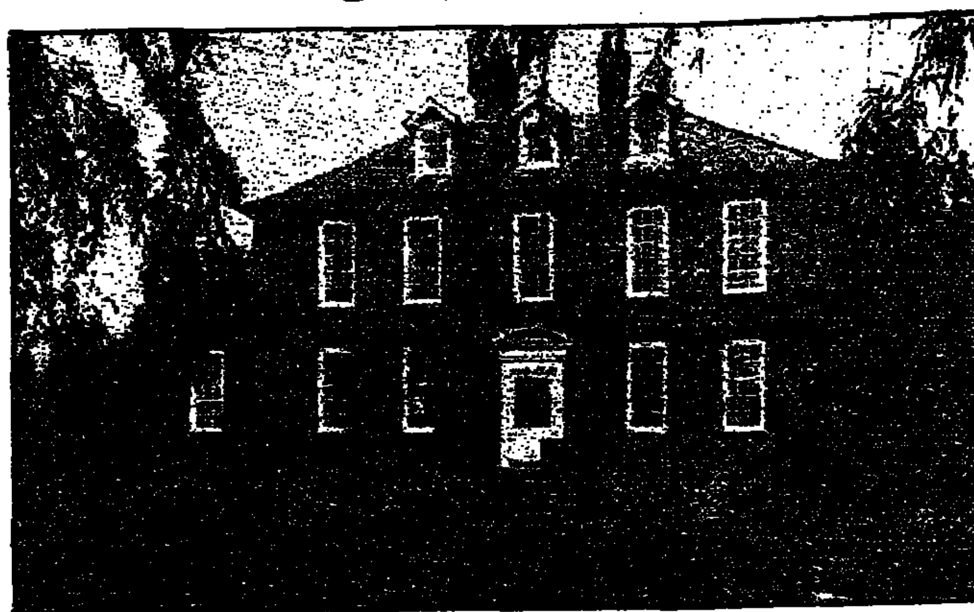
On the best available evidence, a precipitous residential *property price slump is* as unlikely as a continuation of the 25 per cent or more price rises seen in many parts of the south-east over the past 20 months. Ignore both the "sell now and live on a park-bench" brigade, and the "borrow big and buy bigger" theorists, and you are left with persuasive arguments to suggest that house prices have passed the peak of the cycle, but that the slope on the other side is a gentle one.

This does, of course, make life difficult for headline writers. "Slump" and "boom" are considerably more compelling than any conditional balance between the two. As a result, the autumn will undoubtedly have its crop of exaggerated reports *as bulls and bears battle for* attention. But the evidence weighs in favour of a stable market, with continuing regional disparities in price rises still running, on average, significantly ahead of the forecast rate of retail price inflation.

The research team at the Halifax Building Society has proved to be one of the most consistently reliable analysts of the residential market, and its view at the moment is that the forecast rise in real personal disposable incomes (RPDI)—as wage settlements continue to run ahead of inflation—underpins a national average house and flat price increase of about 15 per cent over the next year.

RPDI is only one of the factors in the equation that produces that forecast. As Gary Marsh of the Halifax's research team says: "Eight to 10 months ago, we could see that prices in London and the south-east were rising faster than discretionary incomes, and it seemed then that there would have to be a slowdown in price rises.

"That didn't happen, and the evidence is that more first-time buyers were clubbing together to be able to afford to buy."



SAMUEL BUTLER'S birthplace, Langer House (above), an eight-bedroom, Grade II-listed early Georgian former rectory in 5.5 acres of grounds in the Vale of Belvoir, 12 miles from Nottingham, has been put on the market through Jackson-Stops & Staff's Northampton office (0604-32991) for £230,000. Grantham is 13 miles down the road and the fast trains from there take around 75 minutes into London King's Cross.

Reliable

Nevertheless, Marsh believes that the traditional direct relationship between earnings and prices still holds true, and that the steady slowdown in the rate of London price rises in recent months—from an unsustainable 26 per cent average to the still heady 22 per cent registered by the Halifax in the past few months—reflects the fact that prices had been running too far ahead of earnings for some time.

Looking ahead, the Halifax's view is that the extremes of regional house price inflation, from a minus-5 per cent in Northern Ireland to as much as 27 per cent in East Anglia, will begin to narrow, although that moderation of rises won't have much of an impact on the absolute disparity between property prices in different parts of the country.

Regional buying power remains the key to the country house market, and both Strutt & Parker and Savills have recently come out with cautiously bullish forecasts for the coming year.

Looking at the demand for country properties this year, *Anthony Ball of Strutt & Parker* reports: "Prices generally continue on course for the predicted 20 per cent—plus annual increase in the south, south-east and south-west, a lower percentage increase northwards into the Midlands (around 10-15 per cent), and a lesser increase still north of the Border (5 to 10 per cent)."

On balance, he predicts: "The present boom in house prices might begin to slow by the second half of 1988 as supply and demand begin to even out." Beyond that: "I would be surprised if we fail to see a steady, if less spectacular, rise in residental values, at least until the end of the decade."

Over at Savills, Geoffrey van Custem, chairman of its residential division, takes a similar line. He says 1987 has been another "fantastic year" for the country house market and notes that it has not been unusual for a period country house an hour from London to achieve anything up to a 25 per cent premium above the guide price.

He hastens to add that this is not because the agents set the guide price to low; rather, that buyers who decide they want a particular country home have tended to become insensitive to price.

One reason for their willingness to pay over the odds is the *assumption that they are buying* a sure-fire investment as well as a home. And, as van Custem explains, there has been good reason to make that assumption in recent months." If you owned a property worth £250,000 between January and September 1987 and lived in northern England, it was probably appreciating by £68 every day (10 per cent a year); in southern England by £109 a day (16 per cent); and in Greater London by £137 a day (20 per cent a year).

How good an investment is housing, though?

According to a detailed analysis of pricing and costs in the residential market by Peter Spencer of Credit Suisse First Boston: "On average, owner-occupation represented an attractive financial proposition during the 1960s and 1970s but not during the 1980s."

Heresay? Certainly. But then, Spencer's analysis does look beyond the simple evidence of price rises to the full occupation costs of owner-occupied homes. By the time he had stripped out spending on improvements, *financing costs (whether* actual home loan charges or the opportunity cost of money tied into property), rate charges, upkeep, and added back a figure for the imputed rent—since you would have to live somewhere if you didn't have your money *in a home of your* own—Spencer came up with figures showing the average home-owner has had a negative net return on his investment for four out of the past six years (see table).

Pressure

The Credit Suisse First Boston report ("UK House Prices—Not on Inflation Signal") set out to consider the assumed direct link between rising house prices and inflation. Spencer challenges, and fairly conclusively demolishes, the popular theory that house price inflation *necessarily feeds through* to retail price inflation.

"What we are seeing," he says, "is a relative price shift, a once and for all change in the *relationship* between *prices* and wages." People moving house in the years since the ending of mortgage rationing have tended to gear-up as home loan finance has become more freely available. About half of all owner-occupiers will have moved since 1980, and many of the rest will have been able to adjust their borrowings without moving by raising loans for home improvement.

That shift has increased the outstanding stock of loans for *home purchase* from 1979's £45bn to £150bn at the end of 1986. Now, Spencer expects to see "a slow-down in credit growth as people have more or less got their gearing to the level they want."

He finds no evidence that the money released *by* people borrowing more of their house purchase costs has been pouring into consumer spending. Instead, it has gone to increase the amount of personal sector cash deposits and into the regularly understated amount of home *improvement work being* carried out openly, and through the black economy. Spencer estimates that around £12.6bn (at 1980 prices) was spent on home improvement work in 1986.

That is 2.8 per cent of the *value of the entire national* housing stock, and roughly twice the official estimates. Indeed, if you work to Spencer's broadest definition of home improvement spending, the effect on the real return figures for home-owning as an invest*ment drops* from a 1986 average 2.5 per cent to just 0.4 per cent.

As Spencer says: "Conventional measures of house price inflation overstate the true rate of inflation because they do not allow for improvements in the quality of the housing stock." As for future prices, Spencer concludes that as the rise in corporate profitability slows—since productivity increases will have to be sought through greater capital investment rather than job-shedding—and as commodity prices move off the floor, there is likely to be increased downward pressure on pay settlements. Given the traditional direct link between earnings and property prices, that in turn would suggest a parallel moderation of the rate of price rises.

As Gary Marsh at the Halifax says, the real problem with any attempt to apply strict investment criteria to your own home is that "housing is different, because people haven't got an option." But for those who assume that gearing-up to buy the biggest property on which they can get their hands is automatically a good bet, Credit-Suisse First Boston's cool look at the real investment returns is a salutory lesson.

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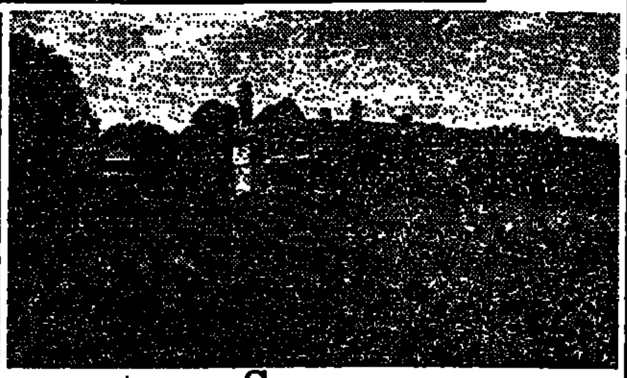

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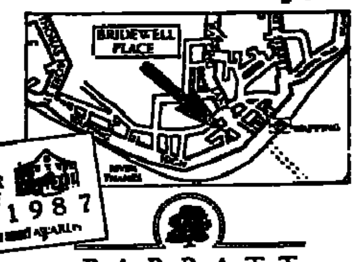

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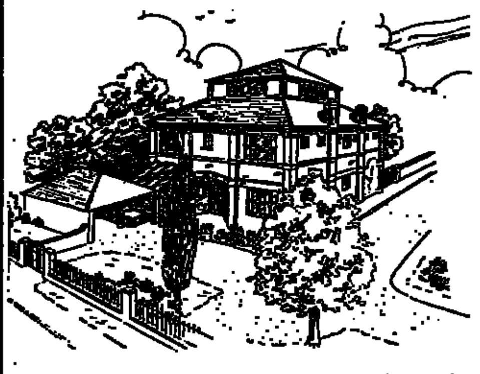

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01-493 8222. Telex: 25341. Fax: 01-491 3541

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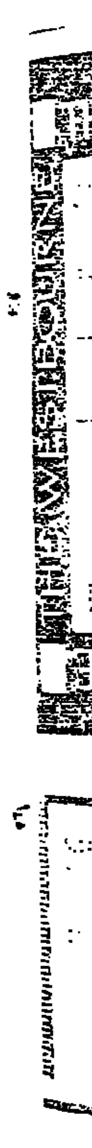
London Property



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PRICE GUIDE £2,500,000

Note The Vendors reserve the right to sell either the whole or individual lots

Sole Agents

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Close to Common
Lovely Victorian family hse, 4 beds, bath, 2 rec, study, kit, b'fast, conservatory, orig features, patio gdn.
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WARREN & CO.
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'RAYNHAM' NORFOLK CRESCENT
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A unique opportunity to purchase two unmodernised apartments in this prestigious and highly desirable modern block. Offered together or separately the flats are located on the 2nd and 3rd floors. Each comprises:-

3-4 Bedrooms, Reception Rm, Dining Rm (Bed 4), En suite Bathroom, 2nd Bathroom, Kitchen, Separate cloakroom, entrance hall, use of private communal gardens, parking space available to rent and 24 hr uniformed porterage.

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to view this superb development of apartments and maisonettes with river views.

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SOLE AGENTS: FREEHOLD £375,000

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£359,000
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Joint Sole Agents Jackson Stopps & Staffs & Alyesfords.

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Freehold £425,000 ono
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Massive hallways. 3 large beds. 2 large receptions. 4 WC's. 2 large tiled bathrooms (en suite with shower). Large luxury fitted and fully tiled kitchen. Maid's quarters. 12 ft high ceilings with beautiful corniciing. Viewing essential owner going abroad hence immediate sale reqd. Will accept realistic offer.
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Country Property

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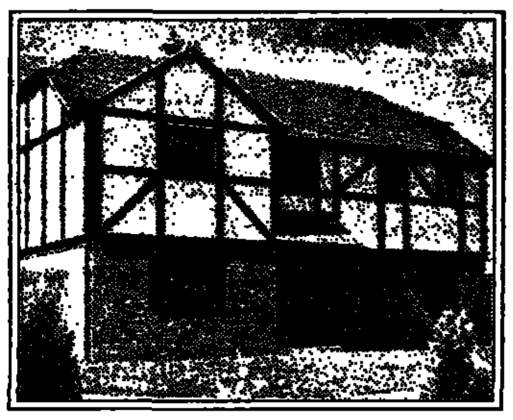

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Prices for this home are from £185,000.

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4 Cottages
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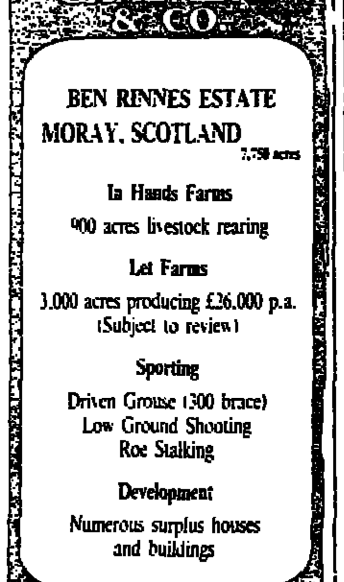

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5 MLS A40/M50

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in 1.94 acres. An outstanding range of Mill buildings and superb residential property situate in a picturesque locality together with outline planning permission for and change of use for a high quality 20 bedroomed hotel.

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£42,950
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• PROPERTY •

Docklands classic

John Brennan

on a £60m flat complex with more than a touch of theatre

THE COMPACT disc player is set to permanent background level: a fashionable, post-Phil Specter Chinese wall of sound; undemanding enough to attend to or to ignore.

Black set on metal, the TV plays an endless rerun of Bogart and Bergman locked in a time-warp, forever doomed to conjure up wartime Casablanca from Warner Brothers' film sets.

Grey carpet, smoke blue-grey door frames, black metal fittings offset by chrome, mirrors—plenty of them—and the solidity of a Bulthaulp kitchen married to Bosch.

Outside, a louvred steel balustrade wraps around a solid balcony detailed with real timber. No sign is needed to say that this is a Docklands studio flat, straight out of modern folk legend.

With a flat decked out like this, one assumes that the electronically secured car park below will house company cars with "GTi" somewhere on the metal work. The in-house health club could hardly fail to fill with fit young people observing workout schedules recorded in monogrammed Filofaxes. The restaurant has to be—and is—a "brasserie."

This £60m dream has been constructed in a shed behind the former Courage Brewery, south of the Thames by Tower Bridge. It is called "The Circle;" Andrew Wadsworth's latest, perhaps his most daring, residential development. You can see for yourself when the wraps come off the 300-apartment scheme on October 18.

Wadsworth, still only 30, is both pioneer and veteran of London Docklands' redevelopments. He has an infectious enthusiasm. It was his decision to style the full scale mock-up of one of The Circle apartments, for the development's sales office, as an all-too-perfect cartoon image of a Yuppie homestead.

A decision that was, at least partially, tongue-in-cheek. "I couldn't resist running Casablanca on the TV . . ."

The humour is only style-deep, however. The Circle takes residential pre-selling to new heights of professionalism.

The sales office really is a full scale mock-up of one of the planned apartments; brick walls, real windows and balconies, the lot. In the transformed interior of an old garage building, teams of sales staff will guide visitors through the apartment, past audio visual displays showing that the scheme, designed by Piers Gough of architects Campbell Zoglovitch Wilkinson & Gough, is just five minutes walk from the east of the City and its South Bank annex, London Bridge City. Beyond the apartment will sit banks of lawyers, ready to turn a sparkle of interest into a contract to buy on the spot.

The theatrical nature of the sales launch has extended to flying in (by helicopter) a larger than life-sized bronze statue of a young dray horse, sculpted by Shirley Pace.

The horse will stand in the road, at the centre of a broad circle of cobalt-blue facing bricks formed by the exterior curve of the buildings at the entrance to the development. That circle gives its name to the scheme; a strikingly different image from run-down Queen Elizabeth Street, by Shad Thames.

Apart from providing a focal point, there is a reason for the giant statue of a horse on a plinth in the middle of the circle. Part of the site covers the old Courage brewery stables.

As for the buildings, with their scalloped roof lines, timber and balconied detailing, and that great blue-faced central circle, Wadsworth hopes to be creating, "a memorable building, a classic that people will come to see as part of the new architecture of Docklands."

Wadsworth gives his Manchester branch of Lloyds Bank a lot of the credit for backing him when he first bought into the docks nine years ago. Whether it was the bank's confidence in a 21 year old, his family backing, his track record of early business ventures, or sheer nerve that deserve the accolades, the result was a start on the New Concordia Wharf reconstruction by Tower Bridge at a time when the London Docklands Development Corporation was still a twinkle in the eye of Michael Heseltine and Sir Geoffrey Howe.

New Concordia apartments sold, slowly at first, for up to £100 a square foot. Now, they change hands at well over twice that sum.

Even before the first rent review on commercial space within the building, river-facing space in New Concordia rents at up to £20 a square foot, four times its initial valuation.

While New Concordia was wreathed in brick dust, Wadsworth announced his next scheme, China Wharf, which at the time was the highest-cost new riverside construction attempted in London's docks. Wadsworth's critics (as a young man in a hurry he has left a fair number of them in his wake) believed that China Wharf was a scheme too ambitious to work. But all the apartments sold, at over £200 a square foot, as soon as plans were released. Some of those contracts have since been resold—despite the fact that China Wharf is still not completed—for £350 to £400 a square foot.

With those developments under way, Wadsworth also acquired the adjoining Jacob's Island site that gives its name to his company. At one time his assembly of riverside estate gave the Jacob's Island Company development rights to 14 acres of land in and around Shad Thames, before selective resale of a number of sites to other developers.

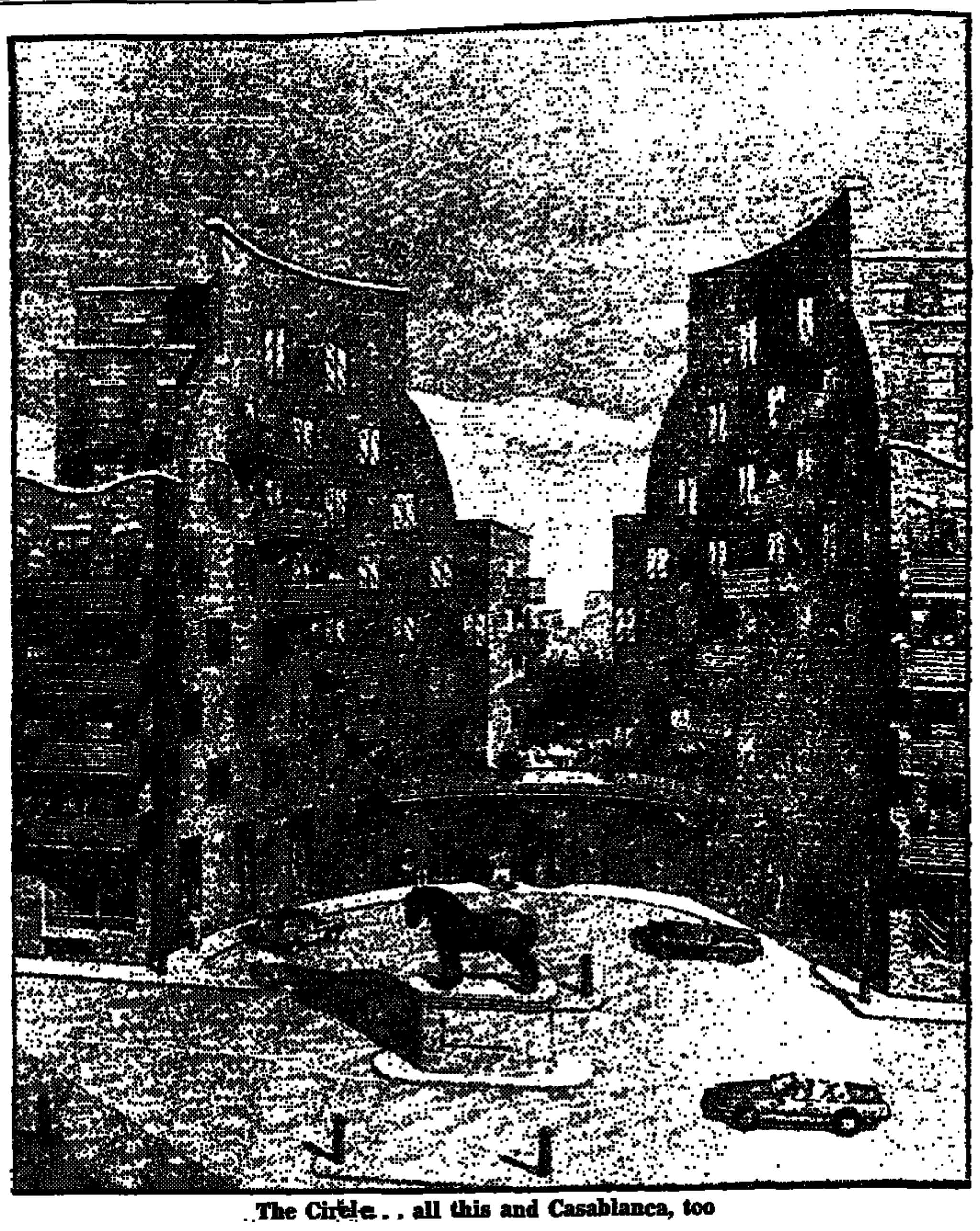
Along with plans for a gigantic, modern, mixed commercial and residential development on Jacob's Island itself—which is currently used as film studios, started by the company to use the old buildings, now turning out more footage than Pinewood—the Jacob's Island company also acquired "The Harpy."

This 1904 Customs and Excise pontoon vessel was spotted—incongruously sporting a "For sale" board—in mid-river, by Greenwich. Refurbished as offices, now forming the only privately owned jetty on the London stretch of the Thames, it gives Wadsworth, his colleagues, and their exhaustingly active crew of secretaries, a river view of the development.

It is the absence of that view that makes The Circle so daring.

Jacob's Island has priced the 300 apartments in The Circle in the high £200s to the low £300s per square foot range. While there have been some astonishingly high prices achieved for less well-designed flats away from the water, in Wapping, and in a few other parts of Docklands north of the river, the pre-sale campaign of The Circle will be a significant test of the strength of the off-river market over Tower Bridge.

Wadsworth has lived on both sides at various times. He thinks that people like crossing the Thames at the end of the day It's sound psychology. When you cross the river to go home you relax. It's a nice feeling to be away, and yet not having to travel far to work."



The Circle . . . all this and Casablanca, too

Maybe he's right. Certainly he has injected a lot of creative work into the scheme, and into its marketing. The blue brick circle at the heart of the development ensures its distinctive characters. And the level of internal services—managed by Cluttons—is certainly unmatched in that part of Docklands.

There are, for instance, plans for a sizable, independently operated, health club and pool; a restaurant and bar; 24-hour staffing by security and concierge staff; a mix of shops and underground car parking for residents and visitors.

But the pool is the only on-site water. Without the Thames or a wharf inlet, The Circle's sales success depends upon the willingness of people to pay Wapping—even Chelsea—prices for an SE1 flat.

If Wadsworth pulls it off, and if the standard of the apartments and the imaginative marketing of the development succeeds in lifting this Tooley Street off-cut to the status of a high value address, it could have a profound impact on south bank site values away from the river.

Advanced sales of 125-year leases on the flats begin on October 18. Through joint UK agents E. A. Shaw (01-403 7250) and Savills (01-730 0822), and through Brian Lack & Co in Hong Kong (5-247029), Jacob's Island is asking between £100,000 and £125,000 for 400 to 500 sq ft studios; £135,000 for a standard one-bedroom flat of about 550 sq ft. Two-bedroom flats from 750 to 1,200 sq ft will range in price up to £300,000; and roof-level, three-bedroom apartments up to 1,500 sq ft will cost about £400,000.

Pre-sales, through the agents and at the site sales office in Queen Elizabeth Street, London SE1 (01-403 6311), take the familiar 10 per cent deposit on exchange, with completion on occupation through the summer and autumn of 1989.

On the TV screen, Dooley Wilson silently launched into "As Time Goes By" once again. In his film set of a sales office, Wadsworth prepares for his audience. Will they be drawn into The Circle? Will they buy? We shall see.

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The island of Ibiza has long been a favourite of the Beautiful People. Its little neighbour Formentera offers more basic pleasures

Desert island discos

FREDERIC RAPHAEL, praise be his name, once confessed that it was doubtless evidence of European narrow-mindedness that he thought largely of the Mediterranean when it came to islands. The South Seas were glamorous and the Caribbean ideal for those who wished to swim in warm soup while being jostled by the wake of some showy boat.

Personally, however, he never tired of the landlocked sea in which Greeks and Egyptians, Jews and Arabs, Persians, Turks, Phoenicians, Franks, Romans and Visigoths have rubbed shoulders for five millenniums or more.

What is the greatest charm of islands? "That they can seem unchanging," says Raphael. "They promise that things can be the same again, that life can almost stand still, or come round again."

How right he is. Even Australia, an island-continent, is a place of ancient calm and splendid time-travel, as anyone who has voyaged through the Outback in an air-conditioned car with Mozart or Dylan—or even Michael Jackson—thundering on the hi-fi will readily attest.

Two weeks ago I visited Ibiza, as I did in 1979, and was struck yet again by the calm charm of an island that, for all its vigorous history, all the comings and goings, seems suspended in a time warp: lazy, languid, sunstruck and dedicated to just one thing: pleasure of the senses.

Not that *everything* has stood still. In the 1970s Ibiza was a haunt of the beautiful people: an international fun spot. Everything was happening. The women decked themselves in white leather boots, billowing skirts with a corner tucked into their knickers, studded leather belts, bitsy camisole tops and masses of outrageously crafted jewellery, while the men wore the same—I jest, I jest, but it was all magnificently informal. On some of the beaches you were too formal by half in a rhinestone g-string.

It is still like that. True, the gayest and most fragrant birds of paradise have flown to other isles, other desperately fashionable in-spots, but Ibiza still attracts its share of the island-hopping disco crowd and languid yachties; g-strings are still ubiquitous, and in the Old Town after dark the smart boutiques and chic restaurants are still the haunt of starlets and of shrill youths in white shorts, Kung Fu slippers, sequinned T-shirts and orange hair-dos.

Yet there are also plenty of Others: tattooed package-trippers with shaven heads and pints of lager looking for what the cheaper hotels tend to describe as a "Late-night Sing-along with a Four-course Banquet Meal washed down with Unlimited Ale and Wine during the meal, plus Tavern Wenches, plus lots of Oom-Pah-Pah around the Tables." (I wrote that down; I couldn't have invented it.)

The reason for this is that Ibiza, although not yet a mass travel destination, has built upon its success of the '70s—and built, and built. Ibiza Town is not yet an eyesore. But there is a great deal of construction work in progress. "There's lotsa money," said a tourism chief, "lotsa investment and apartments."

‘It still attracts the disco crowd and languid yachties: g-strings are ubiquitous and the smart boutiques are the haunt of starlets’

Tourist arivals for Ibiza and its little neighbour, Formentera, were 1.3m last year, including 600,000 Britons, 350,000 Germans, 350,000 Spanish, and 80,000 Italians.

Curiously—or perhaps not—the beautiful people and the Others simply don't seem to meet. The package trippers largely stick to their hotels or nearby beaches in the daytime, while the international disco crowd stick to their apartments or their villas (most with private swimming pools) until well after dusk.

The Others congregate in San Antonio—particularly at night, when Ibiza's second biggest town rocks and shudders under a throbbing dome of neon stardust—while the jetsetters flit from restaurant to restaurant before striking out for the classiest of the discos. The top three are Ku, Pachá and Amnesia but the best action doesn't really start until 2 am or later.

(I explained to the tourism chief that I invariably went to sleep at 9.30 pm and rose at 5 am. "Good," he said, "6 am is a splendid time: things are just becoming interesting. You are *almost* fashionable").

Ibiza has a long and chequered past. Although about the same distance from mainland Spain as it is from Majorca, the largest of the Balearic islands, historically Ibiza has had little to do with either, drawing many of its habits and customs, instead, from north Africa, which is 138 miles to the south.

They have all marched into Ibiza: Carthaginians, Greeks, Romans, Vandals (who massacred the bureaucrats and landowners and cancelled all debts, leaving the majority of the population better off than they ever were before), Byzantines, Moors, Vikings (who raped and pillaged their way ashore in 859), and so on.

Because the soil is non-toxic, the Phoenicians used Ibiza as a giant necropolis, bringing their dead from far away to be buried in the best quality soil. As a result, Ibiza is an important centre of Punic archaeology. Yet today there is not a lot to see.

There are few notable ruins, no great museums. So there are no holiday distractions — just sea and sand and the natural beauty of pines and juniper bushes, almond trees and olive groves, figs, small walled fields, coastal cliffs, small bays and inlets—and some miniature mountains which protect Ibiza from extremes of temperature and produce a marvellous island climate.

Ibiza is not a winter sun destination; it is too windy for that. But it is warm until well into November (the average temperature in October is 68F), and warms up again in May (63F) and June (72F). The spring is spectacular, with blazing wild flowers. I am not sure, though, what use average temperatures are for planning a holiday. In September Ibiza's average temperature is supposed to be a balmy 72F, yet when I was there it was in the low 90s, so that I lurked in my pool, like Tiberius, or stuck to the shade.

There are some excellent hotels, but your best bet is unquestionably your own villa. Mine, lent by Meon Travel, was perched amid the hills above San Antonio: an excellent spot, withdrawn from the world, which gives you easy access to the rest of this excellent island, where life indeed stands still, and comes round again.

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Michael Thompson-Noel

Chris Priestley

Strictly for sunlovers

"I'D LIKE to show you the sights of Formentera," said the holiday company rep as we drove across the island, "but there aren't any."

True enough. The landscape is mostly flat and moderately green. The lagoon we were passing is called Estany Pudent, "stinking pond;" it looks picturesque if you don't open the window to the pungent aroma of salt flats. Salt water is everywhere, in the swimming pools and the kitchen taps. The need for bottled water and shower gels is another reason why few tourists go there. So is the lack of an airport.

Why, then, visit Formentera? Mainly because it's Essence of Summer Holiday: hot sunshine, long white soft sandy beaches, and water so clear you can see straight down to China. People travel to the Caribbean or the Indian Ocean for desert islands like this, but Formentera is only three hours from Britain, and 60 minutes (by ferry) from Ibiza.

The Club Plonk and Bonk crowd of hard-drinking British teenagers gets off the aircraft at Ibiza and stays there, because the extra hour to Formentera would take them too far from the action.

Those who do make the crossing tend to be peaceable sunlovers. In summer they boost the island's population from 5,000 to 25,000, but it's 12 miles long and swallows them all without crowding.

Most are German, turning a golden brown as they rotate slowly in the bright sunshine, clutching their Konsalik novels. (Why are there no English writers with the universal beachworthiness of Konsalik?) Most of the beaches have gently shelving sand and few waves, which is fine for families. Nudism seems common, though not compulsory. Curiously, you can almost always tell the nationality of people with their clothes off.

At night they make use of what little tourist infrastructure there is. Es Pujols, the nearest thing to a resort (in fact it's little more than a village with a few hotels), has about 14 restaurants, which makes it right for a fortnight's package, numerous small bars and a couple of discos—not nearly enough for any self-respecting trendy, and not specially cheap.

People sit around swapping age-old folk remedies for traditional Mediterranean ailments: fluoride toothpaste on mosquito bites, used tea-bags for peeling skin.

‘Nudism seems common, though not compulsory. Curiously, you can almost always tell the nationality of people with their clothes off’

The few other little settlements are even less sophisticated. If you want to commute between them, the island has a bus (and four cows) but most people hire bikes.

And that's about it, really. A desert island with nothing but sun, sand, sea, sangria and proximity to home. It isn't for everyone, and hasn't the facilities to cope with everyone. It's growing a little—a new hotel here, some spots of oil on a beach there—but so far not much, which is just as well. If they ever get an airport, or fresh water from a tap, it will be the beginning of the end.

● **Travel companies operating in Formentera include Global (01) 464-6666, Lancaster (01) 290-1322, Thomson (01) 439-2221 and Intasun (01) 290-5555.**

John Westbrooke

Zorba's Homer

IN ZORBA the Greek, the hero (Anthony Quinn) dances alone on the sand of Crete to catchy music by Mikis Theodorakis. For many the film was a new view of the spirit of Greece. Melina Mercouri, the present Minister of Culture, spread the ethos as successfully in *Never on Sunday*, with its equally catchy music by Manos Hadjidakis. Both films are of the 1960s, when cheap air travel and mass tourism to Greece began. The Zorba spirit spread to almost every taverna.

Who was Zorba? And who was Nikos Kazantzakis (1883-1957) who put him in fiction, and was his friend and erstwhile mining partner in fact, seeing him as the quill-driver's guru?

Behind Heraklion in the village of Myrtia (myrtle)—also known as Varvari (barbarians) —is the Kazantzakis Museum. Opened in 1983, it gives an absorbing picture of the Cretan novelist of heroes, poet, philosopher, translator, traveller, civil servant and champion of the demotic ordinary language, who wrote: "my life's greatest benefactors have been journeys and dreams."

The display in the restored family house is more of ethos than of objects, since it is mostly letters, manuscripts and photographs of Kazantzakis's life, and play and opera bills and costumes from around the world, which show how attractive and inspiring his free spirits have been on both sides of the Iron Curtain. Case by case the image grows of the man who made heroes—*Zorba, Captain Michalis* (translated as *Freedom and Death*), *Christ Recrucified* (filmed as *He Who Must Die*)—in a heady combination of Nietzsche with the independent fear-none tradition of Crete.

Nostalgia for Crete runs through his works. He even called his autobiographical novel *Report to Greco*, saluting his fellow Heraklion artist el Greco. Both men lived most of their lives abroad, but Kazantzakis could not get Crete out of his head, even in China and Japan.

To earn his bread and olives at the most difficult times, he did translations, some coming out under his wife's name. They were a cornucopia from Jules Verne to Plato (inaccessible in ancient Greek), and from Defoe to William James via Dickens and Nietzsche.

He was also a journalist and travel writer, and for a time a civil servant and aide to Venizelos. It sounds a Greek version of Harold Nicolson, but without the cushioning of money and class.

His constant inner battle was

Treasure Trove

that of a native Cretan intellectual's trying to make sense of, and capture in poetry and prose, the unintellectual gut-spirit of the island as it struggled for its independence at the end of the last century. Hence the heroics. I wonder how comfortable Kazantzakis was with them? It does not quite fit that he wrote so much at a distance, sending home for peasant words to include in his great *Odyssey*. Abroad must have been a choice as well as a necessity.

The church did not approve. In 1930 there was an attempt to try him for atheism and though there were priests and bishops at his funeral he is not buried in consecrated ground but on the ramparts of Heraklion. His stone is simple: "I expect nothing. I fear nothing. I am free."

Gerald Cadogan

This week: the San Francisco Mandarin

Eastern promise

IT WAS *deliciously decadent* in absolutely anyone's vocabulary — steaming gently in a marble bath with a floor-to-ceiling panorama of San Francisco set against the bay's evening lights, and the Golden Gate Bridge.

San Francisco's newest hotel may strive to impress with jasmine tea on arrival, computer sockets in dozens of bedrooms — with computers for rent in the business centre — and silk organza slippers from Thailand, but it was the panorama from the beige marble bath that swings it from my point of view.

The hotel group we are talking about is a legend in Asia, but has just made its first step into the US after some painful lessons learned over the past five years in nearby Vancouver.

It is arguable that the San Francisco Mandarin will in years to come rank alongside its Asian stablemates — the Mandarin in Hong Kong and the Oriental in Bangkok — as a contributor to that legend.

"In Vancouver, we presumed people knew who we were, and we presumed we knew what people wanted," says Wolfgang Hultner, general manager of the San Francisco Mandarin: "In San Francisco, we have taken much greater care to learn about the local market and what it really wanted."

In Vancouver, the Mandarin had not only made the mistake of thinking their fame in Asia had reached North America. They presumed that because about a tenth of Vancouver's population is Chinese, and that hundreds of thousands of families in Hong Kong have family in Vancouver, that they had a ready made group of patrons for the hotel.

They had forgotten that many of those thousands of potential patrons already have their own homes in Vancouver.

In San Francisco in August, with the hotel more than 80 per cent occupied, only 4 per cent of guests were Chinese, said Mr Hultner. "There is nothing overpoweringly oriental about the hotel—though I admit we have tried to achieve a touch of the Orient."

To ensure that Vancouver's mistakes were not repeated, and to nurture strong patronage from US businessmen and women, Mr Hultner had been working in San Francisco for two years before the opening of the Mandarin group's newest hotel earlier this year.

For a start, the group has aimed to capture its own particular market niche—not easy in a city creaking at the seams with some of America's most stylish hotels.

This has been done by turning its back on the tourist market, and aiming itself firmly at the travelling business-person. It is at the very heart of the city's financial district, on Sansome Street in the dramatic new California Centre, San Francisco's third tallest building, which occupies the site of the old Dollar Building. It is within spitting distance of the stock exchange and almost every one of the major international banks based in the city.

The niche has also been made by capitalising on being small. The hotel's 160 rooms occupy the top 11 floors of the twin-towered California Centre, with dramatic glass "sky-bridges" linking the towers on every floor. With just 160 rooms — 14 on each floor — the San Francisco Mandarin is the smallest of the Hong Kong group's nine hotels. "With a hotel of this size, relationships with guests are very personal," says Mr Hultner.

Smallness could have been a problem, but it would take a discerning eye to notice where the squeeze was most severe. With an entrance lobby that was originally designed for an apartment block, it has been no mean achievement to give it the air of grandeur that any "*grand luxe*" wants to create.

Touch of class

With computers on hand, the hotel claims to recall the minutest details about a returning guest's likes and dislikes—whether smoking or non-smoking, whether he or she likes sugar in morning coffee, what time is preferred for a wake up call, favourite city restaurants, and so on.

It also means that almost anything can be done for you. And I don't mean simple things like booking shows, or a car rental, but things like arranging a weekend trip through the Napa Valley, or down the coast to Monterey, Big Sur and beyond.

In similar exotic vein, there are weekend packages—aimed at keeping the hotel full when the financial district is quiet—which offer secret hideaway picnics as part of a two hour tour, in a Rolls-Royce, or a champagne brunch in a hot air balloon over the Domaine Chandon winery.

Hotels like the Four Seasons Clift or the Stamford Court may have built up superb reputations, but it is hard to see how such medium-sized hotels could match such service. Even a hotel of undisputed quality like the exclusive Kempton Court, with 124 rooms, can expect to be challenged.

In a city reputed to boast more gourmets per square mile than anywhere on earth except maybe Paris, the Mandarin has taken a risk in opening its own exclusive restaurant. But with Silks it has cut no corners. The atmosphere is as exclusive as that in the Mandarin Grill in Hong Kong, and in Howard Bulka they have a chef reputed to be one of the most innovative in California.

The new Mandarin, set as it is in the heart of the city's financial district, seems as certain to see Silks packed by keen-to-impress business executives and merchant bankers as is the Mandarin Grill back in Hong Kong. The restaurants in the Hong Kong Mandarin account for about 40 per cent of the hotel's earnings, and a similar profitability should not be ruled out in San Francisco.

Three banqueting or conference rooms are included in the hotel, but from the names alone —the Boardroom, the Embassy Room and the Library — the emphasis on style and exclusivity above size is apparent. Even the Embassy Room will be able to handle no more than 140 people for cocktails, or 100 for a meeting or dinner.

He was more convincing on the progress being made in overcoming the hotel's final problem — anonymity. Over several days in the city, I played a regular game with taxi drivers, testing them on whether they knew the Mandarin and where it was, and at the risk of making a "small sample generalisation" I would say fewer than half knew it existed, and barely one in 10 was able to pinpoint it on a city map.

Mr Hultner was unperturbed by such "statistics," though he conceded, "it's a devil of a job making people aware of you." To publicise the name, the hotel on its opening day served canapes to passengers on a bedecked cable car travelling up and down California, the arterial road passing a corner of the hotel.

Since then, it has begun competitions for local taxi-drivers, for example offering prizes to those who can reach the hotel quickest to pick up packages.

Hotel occupancy figures also suggest the problem of anonymity will be a short-lived one. From a level of 65 per cent in June, occupancies stayed above 80 per cent throughout summer, Mr Hultner says—even without any deep price discounting.

"The richer people get, the more they seem to want a deal —so we give people a deal— but the average room rate is still $185 a night," he says.

"No one has ever complained to me about the money we charge," adds Mr Hultner: "But without exception, if they are paying that sort of money, they expect service. We aim to make sure they get it."

David Dodwell

Stuart Marshall drives a Mercedes to Germany

Coals to Newcastle

THE RAIN started as I came off the Townsend Thoresen ferry at Calais. By the time I was lost near Lille—why must all the eastbound autoroutes be signposted to Brussels instead of Liege or Aachen—it was tipping it down.

Aquaplaning warnings are displayed every few kilometres on the Lille-Aachen autoroute which I drove on to after an hour's delay. That day they meant what they said. Time and again I felt the steering lighten ominously as the front tyres floated on several millimetres of water which the grooves and channels of the tread pattern simply could not clear away.

If anything, conditions deteriorated in Germany. But, free of the speed limits on the autobahn and keeping plenty of distance between myself and any vehicles in front, I cruised at 100 mph (161 km/h).

When I stopped for the night at Bad Godesberg, having been held up by political protesters and the TV cohorts for whom they were putting on a show, I was ready to call it a day, 10 hours after leaving home.

In all honesty I cannot say I had enjoyed the drive but in a lesser car than the Mercedes 300CE it would have been intolerable. Next morning, when I drove down to Frankfurt under clear skies, I worked out why.

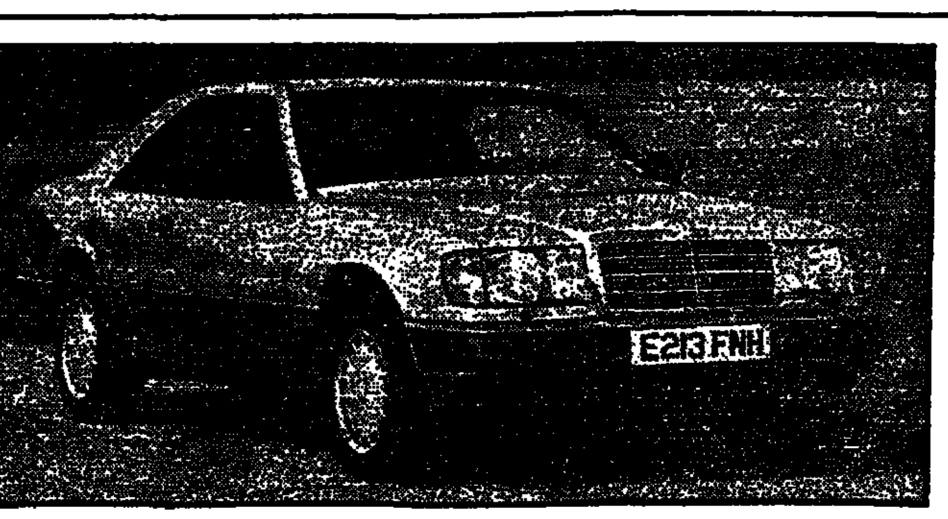
In the first place, the Mercedes never felt less than 100 per cent safe even when it was speeding through what seemed to be an unending car wash full of dirty water.

In economy range, the 4-speed automatic transmission gave all the acceleration one could reasonably want even though, in the interest of fuel saving, it slipped into top as soon as possible. For overtaking, a slight push with the right toe or slipping the silken selector back one notch sent the rev. counter needle whipping round the dial.

Whatever the road surface, the 300CE sat four-square on corners, the stering feeding back plenty of information yet demanding no effort at low speeds. The standard ABS brakes, in an experimental panic stop, were undramatically effective and I found the foot-operated parking brake agreeable in a two-pedal car.

Apart from some tyre whine, the Mercedes is exceptionally quiet. It matters little whether you are cruising at 60 mph or 120 mph (100 km/h or 193 km/h. Levels of wind, road and mechanical noise hardly change. Even at 140 mph (225 km/h) I could still listen to Radio 4 on 1500 metres only a few miles north of Frankfurt.

My journey back was as enjoyable as it was rapid, at any rate while I was in Germnay. In the first 90 minutes after leaving my airport hotel, I covered exactly 130 miles (200 km/h) in spite of two constructional hold-ups on th eautobahn. For much of the time I was cruising at a steady 130 mph. On this leg of the journey my fuel consumption went up to 23.6 mpg (12.05 lit/100 km) but the average for the 1,000 miles of my test was 25.25 mpg (11.3 lit/100 km).



The smoothest-looking Mercedes yet. This is the 3-litre, 6-cylinder version of the new coupe

The Mercedes does not achieve its economy by excessively high gearing. At 140 mph (225 km/h) the engine is spinning quietly and smoothly at around 6,000 rpm.

From the outside, I rate it the most elegant Mercedes ever, with harmonious but not exaggerated curvature, flush glazing and panel fit close to perfection.

The new coupes, introduced at the Geneva Show in March and arriving in British showrooms on Monday, are a little shorter and lower than the saloons on which they are based. They are heavier, too, because of the reinforcing which allows the pilarless body to be rigid and non-creaking when driving on rough roads.

At £30,100, the 6-cylinder, 3-litre 300CE is not for the price conscious, especially as goodies like the air conditioning, leather trim, Becker radio and electric sunroof fitted to my test car raise the total to around £35,000. If you fancy one, get your name down as fast as you can. Only 400 are being imported in the first year and all have been pre-sold. At least, by acting now, you ought to stand a fair chance of getting a 1989 model.

Motorfair courts the customers

IN JUST under three weeks Motorfair opens at Earls Court, London, for its 11-day run. The world's car makers are taking Motorfair seriously. Several new high performers (in addition to the right-hand drive Mercedes coupes) will be getting their first UK showing there.

Mazda's latest 626, which I drove in the USA last week and will be writing about shortly, will be on display. So will the Honda Prelude's replacement and the two-door Honda Legend coupe. This is a variation of the car which we know best as the Rover 800 series, suitably modified by Austin Rover whose own 800 hatchback will be unveiled next spring at Geneva.

The new Honda Civic and CRX Coupe and the complete Toyota Corolla range, all of which had their first public showing at Frankfurt last month, will also be featured at Motorfair. So will the magnificent BMW 750i V12 in full British specification and the BMW 3-series Touring, a compact luxury estate car in all but name.

Motorfair is open from 10 am to 7.30 pm every day from Thursday, October 22, until Sunday, November 1, when it closes at 5 pm.

S.M.

Susan Moore looks at courses run by independents

Art for art's sake

IS IT any wonder that the British are accused of being a non-visual nation when the study of the history of architecture, painting and the applied arts is viewed with great suspicion?

Few schools devote time to the subjects, and academia continues to doubt the validity of art history as an undergraduate discipline. Art history is not offered at Oxford and can only be read for the second part of the tripos at Cambridge.

While the last two decades have seen a rise in the number of art history courses available at universities and polytechnics—and a recent reversal as faculties close and lectureships are frozen—there has also been a proliferation of independent courses. Some are short academic courses while others aim to provide an alternative to the traditional historical and theoretical approach. Here emphasis is placed on the study of the fine and applied arts at first hand and on connoisseurship.

Grandmother of all the works of art courses is Erica O'Donnell's Study Centre, more usually known as the V&A course, established in the museum's basement in 1964. Its progeny, listed here, range from general pre-university courses in Europe to those devised for mature students with some knowledge of their subjects and from specialist weeks for collectors to year-long programmes for students hoping to pursue a career in the art trade. Academic standards and qualifications, if any, vary from course to course.

* * *

THE Anglo-Italian Institute in Rome: Spring Course. UK office: Hillhampton House, Sunningdale, Berkshire. Tel: 0990-24845. Director: Nigel McGilchrist. Established 1983.

This five-week course, March to April, is organised in collaboration with the Istituto Nazionale di Studi Romani. Its students are generally between school and university. The 50 or so lectures many—in places closed to the public—and weekly expeditions cover 2,000 years of visual arts in Rome, from archaeology and architecture to paintings and sculpture. Their specific aim is to train the eye to look at works of art, and to combine academic activity with an appreciation of Italy and Italian life. Lectures also cover technique and conservation, Renaissance thought and literature.

The lecturing faculty includes established English and Italian art historians, archaeologists, historians, restorers and critics. The institute, a non-profit making organisation, tries to give financial assistance to students to attend the course, and can organise travel and accommodation. An optional two weeks to study the medieval, Byzantine and classical world of Greece is offered for an extra £400. There are around 20 places and the basic course fee is £600.

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ART-Wise Courses: Know Your Antiques. 78 Canonbury Road, London N1. Tel: 01-354 2724. Director: Derek Shrub. Established 1987.

Derek Shrub, who launched the Sotheby's Works of Art Course, offers courses on English interiors and allied arts 1700-1900, English furniture 1700-1900, European interiors and allied arts 1700-1900, and European furniture 1700-1900. Each course comprises three separate weeks of four-day classes, but any week can be taken by itself. Aimed as an introduction to collecting, dealing, or restoring, these practical classes allow a first-hand examination of works of art at auction houses, dealing rooms, museums and country houses to determine their age, authenticity, condition, and financial value. Six people per group. Fee: £140 per four-day course.

* * *

CHRISTIE'S Education. 63 Old Brompton Road, London SW7. Tel: 01-581 3933. Director: Robert Cumming. Established 1978.

Fine and Decorative Arts from Antiquity to the Renaissance. The course aims to give students a sound structure of factual and historical knowledge, the development of a good eye, and skills in research and writing. Instruction is through lectures and tutorials, the preparation of essays, talks, and a written project and a yearbook, both assessed by external examiners. Duration: September-July. Thirty places. Fee: £3,800 plus VAT.

Fine and Decorative Arts from the Renaissance to the Present Day. This is seen as helpful to students planning a career in art. The course encompasses painting, sculpture, domestic architecture, furniture, ceramics, metalwork and textiles. Technique, attribution, identifying quality, the art market, and cataloguing are also covered. Instruction is through lecturers, seminars, visits, sale previews, essays, talks, a written project and a yearbook. Students selected by interview, must have some knowledge of the arts and experience of intensive academic study. Mature students are encouraged. Duration: September-July. Some 64 places for full-time students, 24 for part-time (mornings only). Fee: Full-time students £3,850 plus VAT. Part-time students £2,750 plus VAT.

Evening courses. Five courses are offered for one evening a week for 10 weeks. September to June. They are: the portrait; British furniture 1700-1900; the art of the Renaissance in Flanders and northern Europe; blue and white pottery and porcelain and Islamic art. The courses taught by lecture and discussion, are aimed at those with a developed interest in the decorative arts. There are 45 places per course. Fee: £125 plus VAT.

* * *

The History of Art Studies. 13 South Terrace, London SW7. Tel: 01-584 6086/852 1848. Directors: Diana Skidmore, Valerie Dalton. Established 1986.

A history of Western art from the Renaissance to the present is taught October to June as a part-time course by lecturers from the Tate and National galleries. A single eight-week term may be taken. There are 25 places for the lecture course, and 15 for the certificate course, which involves preparing essays and a scrapbook, seminars and reading. The average age of the students is 35. Fees: lecture course, £850. Certificate course, £1,050. Term, £295. Year-long, one-day-a-week course on art and architecture, Ancient Greece to 1939. Fee: £575 for the year, £195 per term.

Monday lunchtime courses are also held during the academic year. One term is devoted to Raphael, the other to the study of the nude in art. Fee: £95 per term.

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INCHBOLD School of Design. 32 Eccleston Square SW1. Tel: 01-630 9011/2/3. Director: Dr Anne Massey. Established 1960.

A year long course in the history of architecture and interiors is aimed at those intending a career in interior design. It covers all major European and North American architectural styles, development of design style, and the history of furniture, ceramics, metalwork, jewellery and textiles. Teaching includes lectures and visits. The school examines its students and awards a diploma. There are 40-50 places. Fee (inclusive of travel): £5,177.70; or £1,580.60 for each 10-week term.

A week-long European furniture course offered in September, introduces students to decorative motifs and techniques in furniture making from 1500 to the present. There are lectures and visits and 25 places. Fee: £335.50 plus vat.

* * *

JOHN HALL: The Pre-University Interim Course. 36 Kings Road, London SW3. Tel: 01-584 7335. Director: John Hall. Established 1965.

The course aims to open young eyes, ears, intellect and imagination to the European heritage, rather than give in-depth instruction. Teaching, primarily on art history and music history, is by university lecturers, museum directors, artists, musicians and writers who join the course in rotation to lecture during a week's residence.

There are practical classes on drawing, photography, dance and languages. The course is conceived to run from October to May, but students may enrol for any of the three component courses or for the six-week summer vocation course in Italy. Option of integrated study in London to gain a GCE A level or a pre-degree course portfolio for art college application.

Fees (including travel and accommodation outside London): autumn course, London (one week), France and Spain (seven weeks), £2,450; spring course, London (one week), Italy (seven weeks), £2,450; early summer course, London (four weeks), £420; and summer vacation course (Venice, Florence and Rome), £2,300.

* * *

The New Academy for Art Studies, 3 Albion Street, London W2. Tel: 01-262 5462. Director: Douglas Lynden Skeggs. Established 1977.

Thirty places each year are available for this course, which runs from October to June and is aimed at school-leavers, graduates and mature students who hope to make a career in the art world. The course covers the development of Western art from the mediaeval period to the present and is taught through lectures given by experts in the academic and commercial sectors, field-work in museums, galleries, country houses and private collections, and tutorials. Particular attention is paid to painting, sculpture, architecture, interior decoration and furniture. Businesses that operate within the arts sphere are also discussed. Travel is organised during holidays. A diploma is granted for a dissertation and successful exam results. Two endowments towards the cost of the course can be granted annually. Fee: £2,100 plus VAT.

* * *

Sotheby's Art Courses, 30 Oxford Street, London, W1. Tel: 408 1100. Director Professor John Wilton - Ely. Established 1969.

This 10-month works of art course programme, held in London or New York, is devised as a practical preparation for students in their twenties wishing to follow a career in the art world. By the end of the course students should have learnt to make accurate visual assessments on quality and date of a variety of objects. Teaching is based around sales at Sotheby's, temporary exhibitions in London, and museum and country house collections. Lectures are given by Sotheby's experts and guests. Students also have the opportunity to work in the company's departments. Knowledge of French is required, and German and Italian classes are provided. Students have to submit written work on a regular basis. Interviews are held in London and New York; the first three months of the course is regarded as a mutual trial period. 50 places. Fee: £4,000.

Three Month Courses. Three 12-week courses are offered three times a year on styles in art, 17th and 18th century decorative arts and 19th and 20th century decorative arts. Tuition comprises lectures by Sotheby's staff and guests and visits to collections. Twenty places per course. Fee: £1,300 plus VAT.

Study Weeks. These London-based courses are: collecting on a limited budget; looking at silver; conservation at Arundel Castle (at Arundel); treasures of Imperial China; and the arts of Imperial China. Twenty to 25 places are available for each course. Fees range from £173-£299.

Buccleuch Studies. Four, four-day courses based on the Buccleuch collections at Boughton and Bowhill, touch on garden history, local architecture, works of art, and collecting. 20-25 places. Fees range from £395.60-£494.50 per course.

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STUDY CENTRE for the History of the Fine and Decorative Arts, 8 Westwood Gardens, London SW13 (correspondence address only). Tel: 846 9224. Director: Erica O'Donnell. Established 1964.

An academic year - long diploma course is the only one listed here eligible for discretionary grants from a local education authority. An average of 120 applicants are interviewed each year for 30 places; the intake is mainly post-graduate. The course is divided into the history of European architecture from the classical period to the 20th century, the decorative arts (English and French furniture, pottery and porcelain, silver and glass) and European painting and sculpture. Teaching is provided by lecturers from the Courtauld Institute, the V and A, and other specialists. The diploma examination in June, judged by an independent board of examiners, is marked according to the standard of the University of London BA (Gen) arts paper, the extra-mural diploma, or the Courtauld Institute certificate. Fee: £2,500 plus VAT.

Decorative Arts Course. This 10-week lecture course is essentially the decorative arts course given to the diploma students. No interviews, and knowledge of the subject not essential. Twenty places. Fee: £600 plus VAT.

Nicholas Faith thinks Britain can learn from some lively American museum practices

Throw out those basement bargains

HYSTERIA has greeted the government's proposed new bill to allow the National Gallery, the Tate and the National Portrait Gallery to dispose of surplus items in their collections. The British Museum and the V and A have enjoyed these powers for more than thirty years and a fat lot of difference it has made.

It will clearly require a cultural cataclysm to get the curators of our great museums to treat them as living collections to be displayed — or sold — and not hoarded away. In some cases the public is allowed to see only a proportion of works and this has prevented the fame of many British artists — such as Augustus John — from spreading abroad, simply because so high a proportion of their works is hidden away in the cellars of British galleries.

On the other side of the Atlantic curators are eternally remoulding their collections. "Deaccessioning," the word to describe a museum's disposal of unwanted objects, is considered part of enlightened museum practice.

"Deaccessioning is an essential process for a living museum in contrast to a library or repository," say the curators of the Art Institute of Chicago. Indeed, it has become big business, especially for the auction houses.

Last season Christie's realised $8.2m from more than a thousandy lots sent by by 61 institutions. The figures have nearly trebled in the past two years. Sales are likely to increase as museums cull the vast quantity of modern American art bought, often at very low prices, during the past twenty years.

In New York the Metropolitan, which has been deaccessioning since 1885, reckons that it has more or less cleared its basements. The process was not without its problems. In the early 1970s the then director, Thomas Hoving, was found to be secretly selling large chunks of the museum's contents to dealers, a procedure which caught the attention of the New York Times and led to a lot of legal action.

Even this well-publicised episode did not bring sales to a halt: it merely forced them into the open. Today (and not only at the Met) objects are sold only after a strict reviewing process — never on the personal whim of the director. It would be a crime,. said one distinguished director, for "those controlling a public museum to confuse their personal taste with critical judgement".

Inevitably there are still scandals — one small museum was found to be selling objects in return for some quite valueless substitutes, another was using the money to pay salaries, not to buy new artefacts.

Of course American museums are freer than their British counteparts — most of them now will not accept inalienable donations. They are lucky, too, that their founders often bought (and donated) in bulk. Over the last six years the Hirschorn Museum in Washington has been vigorously culling the sprawling mass left behind by its founder.

Curators are eternally trying to define them more precisely: typically in 1979 the Corcoran Gallery in Washington sold a number of European paintings so that it could concentrate on its primary role — collecting American art.

The Americans dismiss one theoretical danger, the wholesale disposal of unfashionable artefacts, if only because unfashionable material is not worth much money. But paintings like the second-rate Impressionists, which Chicago sold recently to build up its set of Monet's Haystack series, naturally fetch excellent prices. New collectors, particularly, are naturally reassured by their provenance.

Otto Mueller's "Drei Akte in Landschaft" was sold by the St Louis Art Museum at Christie's in London, raising £220,000 for museum funds

"Clients like to think that what they're getting is exclusive," says Missy Mchugh of Christie's in New York. "They can be confident that the pieces they buy from museums have not been handled or traded recently."

British museums shrink from disposal. "We're so possessive here," says one dealer, "curators look on themselves as guardians, not as impresario's." Moreover, outside London, many museums are subject to political control from local councils without the depth of local involvement usual in the US. "What concerns the profession is that this could be the thin end of the wedge," says one anonymous museum director.

"We are all agraid of the philistinism of both left and right." To the right great art could be highly profitable. To the left it is elitist and thus equally disposable. (This is no joke. In one of its attempts to counter Government financial stringency Camden Council proposed to sell and leaseback part of its valuable collection of historical documents.)

Yet the basic arguments for deaccessioning apply here as much as they do in the US. "Every museum in the world has things which are not suitable to put on the wall," says Peter Nahum, a dealer who virtually created the market in Victorian pictures when he was at Sotheby's. He adds: "Anyone who forms a collection which is 80 per cent right is doing bloody well, so 10 or 20 per cent is bound not to be of museum quality."

The problem is psychological as much as institutional. "Our curators have such a civil servant mentality that they couldn't cope," says another dealer. At the moment every disposal creates ripples. When the Beecroft Museum at Southend sold a Constable the Charity Commissioners were worried. There was even a fuss when the Greenock Museum sold to the National Gallery of Scotland some Benin bronzes it had been using as door stoppers.

The museum world clearly requires a short, sharp culture-shock. Prime Minister Margaret Thatcher (who once wanted to sell off that most visited of museums, the Tower of London) would obviously prefer privatisation, a process which might work with provincial—above all municipal—museums.

Many American museums are a city's pride and joy. In New York 50 years ago, according to Paul Cachs: "A man of money could not die a respectable death without numbering the Met in his will." They are also the pinnacle of its cultural and social life, with the trustees acutely aware of their duty to maintain the prestige of their institution. Privatisation could create the same environment here.

National collections require a different policy. Why not make their grants conditional on a systematic justification for retaining every item they do not actually have on show at any one time? This would force the curators to take stock of their collections, devise a positive policy for them and justify the retention of objects which did not fit into their framework. They might even be forced to turn their museums into institutions as lively as their American equivalents. What a shocking thought.

In the Pink

Rub out the pain process

THE MORE dubious conotations of "massage" have made it something of a joke. Recent research suggests the joke is on us.

Massage has been part of traditional medicine in the East for centuries. It turns up in the Odyssey, and is part of the medical practice recommended by Hippocrates and Galen, who wrote 16 books on the subject. Julius Caesar was "pinched" all over for arthritis and Captain Cook massaged for sciatica ("till his bones cracked and his flesh was like a mummy" according to one account).

There is a history of "miraculous cures"—massage after all involves a "laying on of hands"—and another of houses of ill-repute masquerading as genuine massage establishments. Indeed, it was to distinguish themselves from these that in 1895 four nurses set up the first society concerned with standards and training in massage.

It seems that it is only recently that we have turned from touch to a reliance on pills and high technology. Those who teach massage to mothers to administer to their children in cases of asthma, hyperactivity and epilepsy, or those who use it to help adults in cases of bereavement or as part of drug rehabilitation programmes would argue that in doing so we are losing out, as would those who work with heart cases.

Massage was used regularly on coronary cases until the Second World War and is now undergoing a revival at the cardiac unit of London's Charing Cross Hospital.

This use of massage is based on a particular understanding of illness. In his contribution to the Coronary Prevention Group conference last year Dr Peter Nixon argued for a more holistic approach—he calls it bio-psycho-social—the the treatment of heart patients, that would take into account both their immediate and their wider environment. Massage has a beneficial effect in lowering blood pressure and improving circulation to the extremities.

Where the products of the pharmaceutical industry (beta blockers, for instance) tend to remove symptoms, massage can actually help the patient to recover healthy ground, reducing arousal and restoring the ability to switch to more appropriate forms of behaviour.

"Massage helps patients attain a state of relaxation impossible for them without it" a masseuse explained. "We massage very slowly, teaching patients to listen to their body, to notice tensions and let them go. We suggest they 'take a photograph' of how they feel in a state of relaxation for future reference, and notice changes in their breathing.

If you are not ill but would still like to benefit from the restorative properties of massage, you could contact Clare Maxwell-Hudson (01-450 6494) who runs her own massage school and will do home and office visits. (Male clients must come well recommended.) She gives an all over general massage (Swedish, using stroking, kneading, circling movements) as well as shiatsu (which uses the acupuncture points) and does a manual lymph drainage massage for cellulite.

Arthur Hellyer on year-round colour

Greens to envy

VICTORIAN GARDENS have often been criticised for excessive use of evergreens. Too many laurels, we are told, backed up by aucubas, hollies and Lauruspinus, made the dreariest cemeteries, and when the American and Asiatic conifers began to arrive in the mid 19th century the Victorians fell for them with such enthusiasm that one can now date Victorian gardens fairly precisely by the cypresses, thuyas and redwoods they contain.

Are we in danger of falling into the same trap today, with the almost continual arrival of new evergreens and the amount of publicity they are given? I think not—mainly because we have a much greater variety of size, habit and leaf colour than was available 100 years ago. Also, we tend to mix things far more than the Victorians did, planting individually or in small groups—not in crowded shrubberies—using only two or three kinds, and taking considerable care to create a pleasing contrast of colour and shape.

One of the most recent evergreens to be marketed is a golden-leaved form of the Mexican orange blossom, Choisya Sundance. I planted this last year, and already it is beginning to make an impact. Choisya, whether green or yellow leaved, has the merit of flowering freely; the white flowers are sweetly scented. They look and smell much like those of genuine orange bushes, although the two plants are quite unrelaetd. The Choisya is much hardier; safe outdoors in all except very cold winters. The leaves are attractively three-fingered, very glossy, and when bruised release a strong aroma which I find agreeable in moderation.

Choisya Sunburst is yellow all over. That is rather unusual in evergreens which, when they break away from plain green, usually do it patchily: part of the leaf stays green and only portions of it turn yellow, cream or white. Sometimes they produce alternative versions of the same colour scheme.

Elaeagnus makes a habit of doing this. There are two variegations of *E. pungens*: the commoner one, named Maculata, has a yellow flash in the centre and dark green around it; *Dicksonii* has a broad band of yellow around a green centre.

Much the same thing occurs in the hybrid *E. ebbingei*. Gilt Edge, the most popular variety, has the yellow around the outside of the leaf; Limelight offers the reverse colour pattern.

At Wakehurst Place, Ardingly, West Sussex, which is leased by Kew Gardens from the National Trust, they are busy planting a big winter garden which will offer many useful ideas to the visitors who come daily throughout the year. Here there are big drifts of two variegated forms of *Euonymus fortunei*, Emerald 'n Gold and Emerald Gaiety; the first green and yellow, the second green and white. Left to their own devices they will reach a height of only about 45 cms but will spread outwards almost indefinitely, rooting their stems into the soil as they go.

Gardening

Some evergreens are memorable for the shape of their leaves, none more so than the big mahonias. The two I have especially in mind are japonica and Charity, both of which have very long leaves composed of a mid rib with holly-like leaflets laddered all the way along it.

M japonica is wide-spreading and, in a small garden, will need to be kept in check by annual pruning in the spring when the flowers fade. These are pale yellow, scented like lily of the valley, and arranged in slender spikes spread out like the spokes of a wheel. The flowers of Charity are more spectacular but lack scent. They are canary yellow and grow unwards to form a fine shuttlecock of bloom in winter and early spring.

All camellias have handsome evergreen leaves. Those of the japonica varieties are larger than leaves of the williamsii varieties, which are also more slender in growth. There are scores to choose from, but if I were restricted to two I would take Adolphe Audusson for its big crimson flowers, and pink Donation for its extraordinary profusion and reliability. All camellias are for acid soils only.

Evergreens need to be laced with plenty of silver and grey and there is no shortage of choice. Top of my list is Senecio Sunshine: this has grey leaves of ample size to be effective, especially if the bushes are thinned and cut back a little each spring. In summer it will cover itself with small golden daisies like a very aristocratic ragwort.

I would also plant the lavender cotton or santolina for its small silvery leaves and button-like yellow flowers, but some people dislike the strong scent of its leaves. Like the scent of the Choisya I find it pleasant in small doses.

To these and many more broad-leaved evergreens can be added the hordes of conifers, rich in greys, blue greys, silvers, golds and greens of every imaginable shade.

Though all have small leaves, they can produce an astonishing variety of textures—from smooth to fluffy, frondlike to whipcord. Some lie flat on the ground, some make shapely bushes, yet others grow narrowlly erect. You can make entire gardens with these, and many people do, but for my part I prefer to see them mixed judiciously with broad leaved shrubs and carpet-forming heathers—which of course are also evergreen.

With all this variety available there is no good reason why a modern garden of evergreens should ever be dull.

Countryside/John Griffiths

Menaced by wild wheels

BRITAIN'S countryside and wildlife are coming under increasing threat by motorists leaving the roads in favour of greener pastures.

Laws to protect the countryside exist but have little effect in stopping motorists taking four-wheel drive vehicles or heavy duty motorbikes across meadows, fields, footpaths, or other roadless tracts of land.

The Road Traffic Act 1972 (Section 36) specifies that it is a criminal offence to drive a motor vehicle or motorbike more than 15 yards from a highway, except for emergency or unless with the permission of a private landowner.

Landowners themselves can employ the laws of trespass against violators—but as our agriculture correspondent John Cherrington has so often pointed out, such laws are hedged round with so many conditions they are rarely worth invoking.

Yet, as a report just published by the Royal Society for Nature Conservancy makes clear, this apparent powerlessness to deal with the invasion of the countryside by off-road vehicles is going rapidly beyond questions of noise and inconvenience to those living in or using it for more traditional pursuits.

The findings, amassed by the 48 local Nature Conservation Trusts for which the RSNC acts as umbrella organisation, show that at least 130 sites of wildlife value have been damaged by off-road vehicles.

The most worrying aspect, however, says Trina Paskell, a spokeswoman for the 180,000-member society, is that more than half the damaged sites are government-designated Sites of Special Scientific Interest.

In a country which, according to Nature Conservancy Council figures, has seen plant and wildlife habitat the size of the Lake District disappear since the Second World War, the special sites, theoretically, are protected by the NCC under legislation such as the 1981 Wildlife and Countryside Act.

While this prevents major damaging action, such as changes of use or empowers successful regulation of organised activities—even motor sport—on special sites, there exists a loophole, says the society. This is the inability to regulate casual, damaging use by "off-roaders."

The society's evidence also shows that a third of damaged sites are designated nature reserves, a quarter in national parks or areas of outstanding natural beauty.

The types of country that suffer the most are also among the most vulnerable heathland and moorland (40 damaged sites in Dartmoor National Park alone) and saltmarshes and sand dunes—"these in particular can't survive even minimal use," says Paskell.

Typical damage includes vegetation and soil erosion, destruction of pathways and disturbance—occasionally fatal—to wildlife. Ground-nesting birds such as ring-necked plovers are held to be particularly at risk.

The report is distinguished by its lack of emotiveness. So will it have any real effect, in the absence of dramatic media-attracting antics to which more militant conservationist groups aspire?

There is a chance that it might, and not just because the Department of the Environment and other Government bodies take its relatively histrionics-free work seriously. It is also the case, says the society, that "much of the damage, rather than being wilful or malicious, is the result of ignorance and can, therefore, be prevented."

That remains to be seen. There are pragmatists, in the motorcycle trade in particular, who have their doubts. They wonder whether genteel good intentions will hold much sway with motorcycle and four-wheel-drive yupple hooligan elements which have done much to wreck ancient "highways" such as southern England's Ridgeway.

Few blame the Land Rover, that traditional work horse of the British farmer, or its up-market stablemate, the £18,000-plus Range Rover.

The main problems have arisen with the proliferation of relatively cheap, Japanese, Jeep-type vehicles which are marketed heavily as leisure, rather than utility, machines.

The prime example, Suzuki's SJ 410, sells for £6,000 to £7,000. Advertising by its importer, Gerald Ronson's Heron Suzuki subsidiary, has shown it bouncing across the countryside carrying a grinning youth and girlfriend and depicted as "the wild weekender."

Meanwhile, on the two-wheel front, the importers of mainly Japanese machines—who control over 80 per cent of the total market—have become increasingly keen to capitalise on the equivalent fad for machines which look like scramble bikes as sales of conventionally-styled motorcycles have declined sharply.

Already meetings are being set up with bodies ranging from the DoE to the Royal Automobile Club's Motor Sports Association, which governs all "official' motor sport in the country, at the other.

They will be presented with a four-point package of suggested measures:

- Provision of information for off-roaders so that (the society hopes) they come to realise the damage their vehicles can cause to vulnerable sites.
- Specific areas allocated for off-road vehicle use which, the society believes, could include agricultural land harbouring no natural land or wildlife and soon to be taken out of production.
- Legislation requiring formal planning permission for all sites holding motor-related events.
- Closing of the loophole that stops the Nature Conservancy Council taking action against off-roaders using special sites without the owner's permission—a particularly difficult area for, some special site owners, says Paskell, who actually encourage abuse by off-roaders in the hope that special site status is withdrawn.

Andrew Heaton, who compiled the report with Ann Skinner of the Wiltshire Trust for Nature Conservation, stresses: "We don't want to spoil anyone's fun. What we are after is a regulation of the sport so that everyone's needs can be catered for."

Food for Thought

Fresher than a daisy

DO YOU think your greengrocer is a gipsy? My wife, romantic soul, always thinks so; not just the man on the corner now but all greengrocers always. I suppose there is no other part of the British marketing scene where street traders still hold about half the business. But hold it they do, despite the recent revolution in produce marketing brought about by the supermarkets.

What a few supermarket chains have done is to bypass London's fruit and vegetable market at New Covent Garden, and its provincial equivalents, and buy direct from the grower. This, as I am sure they will tell you, gives them an unprecedented degree of control over quality and freshness. It has made fresh produce the sexiest area of the supermarket. It also means an increased concentration of volume in the hands of a few big growers and dealers.

Because it is happening all over Europe, the revolution is quite a serious affair. And because international refrigeration transport has become so advanced, the original source of supply can be almost anywhere.

I noticed a while ago that the watercress I buy in sachets in the supermarket (I am very fond of watercress) had suddenly stopped saying Fresh English Watercress and said, in exactly the same lettering, Fresh Portuguese Watercress. Only one word changed and the cress identical, honestly.

What happens is that the supermarket chain in question takes out a contract with a big English grower to supply and pre-pack watercress in heroic quantities. Armed with this enormous contract and faced with the need for continuity of supply which it demands, that English grower buys himself some hectares in Portugal where the water flows sweetly and his cress can flourish. The refrigerated juggernauts roll and there it is, on the shelf, in prime condition.

If you are an obsessive reader of the small print on plastic bags, you might sometimes notice that your salad was grown in Spain and packed in Holland especially for the English market.

All this depends on a combination of careful harvesting and even more careful cold distribution arrangements. We used to think that first canning and then freezing meant vegetables were brought to us on a large scale in a reasonable state of freshness, good enough to eat when we wanted them. Now they come to the supermarket shelf, even the most fugitively perishable things like tomatoes and lettuces, fresh out of the ground and in excellent condition.

Another problem is ripeness. Shakespeare said that ripeness is all; and while we may find that a rather extreme view when it comes to celery or peas, we do sometimes want ripeness in things like tomatoes. These, like all fruit, will ripen by their proximity to other ripe fruit. Put an unripe tomato in a bowl next to a ripe banana and watch it happen.

I know they have a better flavour if allowed to ripen on the vine, but all this distribution machinery can't cope with that. We have to do our own ripening, which requires more foresight than most of us possess. I'd like a tomato ragu to go with this pasta, but the tomatoes won't be ripe till Tuesday at the earliest. So, it's time to open a tin again. Does anybody in Britain use fresh tomatoes for cooking?

M. F. K. Fisher, an American born to a world of efficient refrigeration, went to live in a farmhouse in Provence and has written most lyrically about it. She shopped daily in the local market and found that her main problem was to deal with vegetables and fruit which had gone bad while she was carrying them home, so ripe were they.

And what about Covent Garden? Its days are not as numbered as I might have led you to think. Those of us who mocked the move from London WC2 to Nine Elms across the Thames (just another inner-city site) may have cause to think again. The huge refrigerated trains which trundle up from Spain will one day unload not at Calais but in Nine Elms' sidings, having come through the Channel Tunnel. And what will that put on your costermonger's barrow, I wonder?

Peter Fort

Second helpings

THIS wet miserable summer has brought a few small compensations. Almost everything in the garden has been growing furiously and this month the roses seem to be enjoying a conspicuous second season. I hesitate to assert this, because the second flowering varies so wildly from place to place and rose to rose. You have only to look at what the experts say about their favourites.

Take Rose Madame Alfred Carriere, for instance, that lovely silvery white climber immortalised by the pictures of Sissinghurst's Cottage Garden where it flowered profusely on an ageing brick wall. That great authority, the nurseryman Peter Beales, writes that it "flowers almost continuously throughout the summer."

Perhaps it does in his own East Anglia, but my plants of it have always confined themselves to one fantastic fling in June and hardly so much as a bud among the black spot later. I would still grow it gladly because it flourishes on a north wall, but I cannot call it "recurrent," let alone "continuous."

These two terms are used very loosely by rose-growers. Is the marvellous blush-pink New Dawn really "continuous from June to October?" Do the tiny flowers of the climbing form of the China-style rose, Cecile Brunner, really appear throughout the summer in any continuity?

My cultivation is not simply to blame. My Portland roses repeat very well; the Nevadas always have a second dusting of white flowers which makes them an essential choice; I have never had so much as a glimmer from the climbing form of Iceberg in September, but I do get two crops of flower on the lush pink Caroline Testout and I rely on second showings from the old, striped Ferdinand Pichard and almost all the Musk roses, especially Buff Beauty.

Th truth is that performance varies with the summer, site, pluning and care. If you want a good second flowering, three things will help: a summer which is not too dry and pruning in winter which is not too light on certain varieties, especially Musks and Portlands; prompt dead-heading which really takes the flower-shoots back to a healthy join or pair of leaves; above all, a series of feeds with liquid Phostrogen from the moment the first buds show colour in June.

As usual, you get the flowers you deserve, and to deserve them you must plan ahead. So often, gardeners complain that a good rose "only flowers once," as if it was unusually grumpy. For choice, most of the refined older varieties will do nothing more; you have to

coax the few willing starters, beginning in a hot, lazy June.

If you do, you can enjoy some enchanting results. Perhaps the first rose to show well in a new garden is always too special to its owner, but I must speak up for the old and neglected Climbing Lady Hillingdon. I planted mine in early March; the spring frosts cut it right down to the base; visitors thought it had died in a cold air-trap, whereupon it flowered a little in early July, threw up several strong plum-coloured shoots and now has half a dozen buds open in a heavenly shade of pale yellow-apricot.

Her Ladyship has always flowered twice in my experience. She is definitely a rose for the warmer south or west walls, where a cold winter will cut her back to the ground, but she always sprouts again very quickly and has been pleasing her small fan club since her origin in 1910. She is never too tall, an important virtue between ground floor windows.

I am satisfied that the best repeating pink old-fashioned rose is the Portland, Compte de Chambord. On a wall, I also like the unusual apricot Breath of Life which was bred by Harkness of Hitchin, Herts. It repeats well and does not overlap with any existing colour among old or new varieties.

This year, I think I see a new favourite (an old one, really, but not at all familiar). Paul Lede was bred way back in 1913, but may I suggest you give him a careful going-over? The leaves are a healthy mid-green and there is a superb shapeliness to his peach-pink high-centred flowers. Austins of Wolverhampton, Beales of Attleborough in Norfolk and Scotts of Merriott, Somerset, are the only growers who keep this superb old stager in commerce. He is hardy, certainly, against a wall and this year, his first with me, he has even more buds in his second bout than in the usual June high season.

Robin Lane Fox

Collecting

Spare the rod

I WOULD hesitate to say that Charles Kewley and Howard Farrar's Fishing Tackle for Collectors (Sotheby Publications) actually makes me want to possess old rods and reels; but at least it helps one understand how they can become a passion for some other people.

Kewley and Farrar's book is the first on the subject, which has only comparatively recently attracted the interest of collectors and auction rooms.

Angling is a sporting science of great antiquity. A treatise on fishing attributed to Dame Juliana Berners, published in 1496, more than a century and a half before The Compleat Angler, describes techniques and strategies that would not seem at al strange to a fisherman today.

Not much really ancient tackle has survived however—though the Fly Fishers' Club of London claims to own Izaak Walton's pot-bellied leather creel. The ordinary collector is unlikely to encounter rods or reels made before the end of the eighteenth century; and flies and floats much before the turn of the present century are excessively rare.

In general rods have the least attraction for collectors and even quite respectable examples by known makers may fetch little more than £100. In the 17th and 18th century, rods were 15 to 18 feet in length, made of one piece of ash or hazel, and with the line fixed to the top.

Throughout the 19th century manufacturers applied their ingenuity to making sectional rods with joints that would be firmly locked, yet not affect the resilience.

Hazel long remained the favourite wood, though in the nineteenth century a variety of timbers, with names like green heart, steel wood and palakona were used. Whalebone or tortoiseshell were favoured for the springy tip.

The most significant evolution of the nineteenth century was the development of the split cane rod. Perhaps the finest examples were made by Hardy of Alnwick, still the most famous makers of fishing tackle, who arrived at a technique of arranging two layers each of six cane segments about a thin steel core.

The real focus of collecting, however, is the reel. Old paintings reveal that Chinese anglers were using reels to wind in their lines by the time of the Norman Conquest. Reels appear only to have arrived in Europe five or six centuries later: Izaac Walton knew fishermen who used them, though he spurned them himself.

From the end of the 18th century, engineers — often bringing their expertise from the clock trade — devised more and more refinements to give the angler greater control of his line.

Kewley and Farrar chronicle some of the key manufacturers and inventors of the halcyon years from 1870 to 1930, in Britain and in America whose large unexploited territories made fishing a serious business indeed.

Tackle manufacturers appear remarkable for endurance. A number of notable firms like Allcock of Reddich (founded by one Polycarp Allcock in 1803), Malloch of Perth, Alex Martin of Glasgow (established in 1778), William Powell of Birmingham (established 1802) and Westley Richards of Birmingham (established 1812) have survived to the present.

Since the late 1880s, however, Hardy of Alnwick and Pall Mall (established 1872) have been pre-eminent on account of their continuous record of innovation.

Hardy's has remained a family firm. It is cited as an example of their regard for standards that in the 1930s a Mr Hardy would go round the workshops during the lunch break with a hammer in his hand, destroying any batch of goods in which even one piece fell below his exacting standards.

Hardy tackle inevitably ranks high with collectors: when the property of a famous angler, the late Major A. J. Ashley Cooper, was sold by Christie's in July, a Hardy "Perfect" salmon fly reel realised £2,090 (including premium).

Flies are naturally a more ephemeral species: the prize collectibles are the cabinets in which more ambitious anglers maintained a selection of these counterfeit insects, or the framed specimens designed for display in shops.

The books and boxes specially made to contain flies are also highly prized, along with tackle boxes and creels, of various materials and vintage. Wicker creels can realise £300 or more at auction, and in the Ashley Cooper sale a Victorian pigskin tackle box made £418.

Old lines are also hard to find. Until late in the 19th century most anglers made their own lines on special twisting machines, using horsehair or the gut of silkworms. When ready-made lines came into use, they were very expensive in terms of the day; in the 1890s an eight-ply plaited silk line for instance cost 3s 4d a yard.

The keen collector of accessories might also seek landing nets, gaffs (the hooks for landing big fish), floats or priests—the unsuitably named mallets employed by the more refined angler for delivering the coup de grace where more common folk might use a stone.

Appropriately, the biggest sales of fishing tackle tend to be held in Scotland. Christie Edmiston's will hold its next such sale in Glasgow on November 24 at 11 am.

Janet Marsh

Border warfare

DURING SUMMERS before the Second World War, my life was made a burden by a gentleman called the weeds officer employed by the county council. Generally, he seemed to be a retired army officer eking out a very modest pension. When the war came he left and has never returned, as far as I know.

His job was to implement a noxious weeds Act which called on occupiers of land to destroy the plants in question. There were plenty of these in the fields of the 1930s and no sprays or other short cuts to their suppression.

Still, in those days the councils did their bit. Roadsides were trimmed by hand and any land they happened to own was kept clean. The railways were not so conscientious and their branch lines in the country used to harbour every weed in the book. These, it was claimed, would seed and infect the surrounding farms.

It is very different today: almost every verge, particularly on the motorways, is left untrimmed; or if a trimming gang is sent out, it usually waits until the plants mostly have seeded before a tidying job is done. The general idea seems to be that farmers have enough weed-killers available to keep their own fields in order without help from the taxpayer.

Country Notes

Weed control is far from easy, though. I keep a fair few sheep and these graze the pastures very closely. My theory is that the sheep do best on grass which has grown in the previous 24 hours. But this tight grazing encourages thistles, and I have plenty of those. There is a good spray for them but my pastures are surrounded by houses and gardens, including my own. The thistle-killing spray will devour most garden produce and injure fruit trees, which makes spraying very unpopular in the village.

There is another method, which is to follow the old saying that a thistle cut in June will come again soon but cut in July will surely die. By July, though, it will probably have seeded and probably infected all the gardens, although I have never seen a thistle which has been grown from seed. It is, of course, possible to control them with a hand dispenser, but that takes a long time and labour is scarce and dear. Even then, spray treatment is better applied in July.

One of the most pernicious weeds is ragwort, but closely-grazed sheep will kill them in the spring in a miraculous fashion and I have none left on my pastures except where no sheep have access. Ragwort once dead is poisonous to stock, and great care is needed to keep it out of hay.

Nettles can be another plague. Being deep-rooted, they need cutting or spraying for several years before they are eliminated; but fortunately they spread much more slowly than thistles, which appear very often after heavy grazing in a wet spring. It is now becoming a fashion to leave a strip of unsprayed land around each grain field as a sort of conservation area. This, of course, is an invitation to disaster—most weed seeds have the facility to delay germination, sometimes for years.

This is particularly the case with wild oats, which this year appeared in fields where I had never seen them before. I fear that my successors will have problems with them for many years after I have gone because the conditions of this summer brought on a veritable explosion of them with which no spraying could cope.

Still, I can boast of one success over the past 50 years. When I came here the farm was known as Tangley Docks, and every field was infested with them. Over the years we dug them out and ploughed them out and sprayed them and now, if you get stung by a nettle, you have to walk a long way to find a dock leaf.

John Cherrington

DIVERSIONS

Watch out for the Viking invaders

YOU MAY find this hard to believe but a lot of famous eyes are about to be focused pretty hard on Warrington—and that has absolutely nothing to do with its vodka.

Last week, Warrington saw the first thrust into Britain of one of the world's largest furniture retailers when the Swedish firm of IKEA opened its 186,000 sq ft store on the outskirts of town.

Quite what this is going to mean to bottom lines at Habitat, Harris Queensway, MFI, Next Interiors, M & S, Laura Ashley *et al* is a subject that I imagine is giving their chief executives powerful cause for thought.

If you have never heard of IKEA you have a treat in store. It was founded in 1943 by a 17-year-old Swede who wanted to make quality furniture and furnishings available to many more people and started off selling ready-to-assemble furniture by mail order. In 1958 the first store opened in Almhult, Sweden, and from then on it grew and grew until today IKEA has stores in 19 countries, a turnover of £10.7bn and is a legend in its time.

What we are all keen to know is how will the British take to the IKEA style. In most countries in Europe where IKEA operates it is known for offering the keenest prices and in this country MFI (admittedly currently very troubled) plays that role. IKEA will have to find another niche.

For its British approach IKEA has adopted what may seem to be a curious strategy but one which has been resoundingly successful elsewhere. Its tactic, it appears, is to take a site that draws on a large catchment area (there are, for instance, about 6.5m people living within 30 miles of Warrington, the M62 is within feet of the store and the M6 is just 3 miles away) but in a part of the world which does not seem likely to be the most fruitful territory for its wares. The thinking, it seems, is that if it succeeds there, then they really are onto something.

In France, where IKEA put its toe in the water at Bobigny (not the leafiest of Parisian suburbs) and then moved into other areas, it worked a treat.

Though IKEA is decidedly aiming at the mass market it goes about it in a typically Swedish way. From the airy store to the products themselves, mass clearly is not synonymous with shoddy. The store seems to embody Scandinavian democratic ideals—nothing is overwhelmingly beautiful or stunningly original but what there is, is sound, honestly designed and made, and nobody need be ashamed of any of it.

Just as Laura Ashley purveys a look that is quintessentially English, encapsulating in its floral prints and comfy sofas many of our national quirks and tastes, so IKEA is indubitably Swedish. There in the oval white painted tables, the airy fabrics, the sturdy shelving, the simple but honest kitchenware, is all the lack of pretention, the decency, the devotion to social fairness, for which the nation is famous. The clean tranquillity of the place calls to mind those calm and ordered interiors so beloved of turn-of-the-century Scandinavian painters.

The big question, of course, is, just how will a design concept that is fundamentally foreign go down in Warrington and in Britain? Then there is the further hurdle that a high percentage of the furniture is self-assembly and the great British public, in spite of its fondness for DIY, is notoriously suspicious of flat-pack furniture.

I believe that nobody should let either of these things put them off having a good look at the IKEA range. The modern furniture market in Britain has been dismally served—without Habitat where would we be? Here, at last, is another store pitching for the same kind of market.

Design here is not a dirty word nor is price the guiding principle. Many of the prices, though, will astonish you—a large, comfortable and charmingly pretty double bed is available for just £274. There are lampshades for £3.70, bentwood chairs at £31, simple shelving units from £12.50.

Look out for the classically simple white kitchen with its glass-fronted cabinets, look at the lighting (hard to beat on design and price). Wooden flooring, that classic ingredient in the Scandinavian interior, is sold in several different finishes (from a pale ash-like finish to a deep copper) ready for you to lay. There is an excellent selection of shelving systems, from the simplest cabinets with shelves to more elaborate bureau-style fitments.

All the furniture is displayed in room-sets but every single thing on view, from the wallpapers to the blinds, from the glasses on the table to the linen on the beds, is for sale.

Information is clearly displayed — every item has a clear price-tag, there are workshops where you can put together your own table from a host of different legs and tops, where you can test out and see for yourself what is inside the mattresses, where you can match up the door to your kitchen cabinet with the handle of your choice.

There are kitchen-planners to help you cope with the intricacies of making the best use of space, there are helpers all over the store who will give advice on just how the assembly should be done.

What about delivery, that great bugbear of the British furniture scene, I hear you ask? Almost everything will be available immediately from the store—roof-racks will be sold at cost to help you carry it away but if you want it delivered there will be an £8 delivery charge with a 10-mile radius—after that it goes up pro rata. Special order items, like sofas with covers of your choice, will be on a four-week delivery time-lag.

In the restaurant they will be serving Swedish delicacies like gravadlax with mustard sauce. There is a marvellous creche, full of Scandinavian light and colour, where children can be left and looked after so that parents can wander round the store in peace and quiet (all the better to write the cheques?).

Just how the IKEA concept catches on remains to be seen. At first sight it looks like more of a rival to Habitat than anyone else (Sir Terence Conran has long been known as an admirer of the IKEA operation) but over at Habitat there is no sign of panic in the ranks.

"We're looking forward to it immensely," said Alison Richards, Habitat's buying director. "They're a thoroughly professional organisation whom we admire. The British public spends less on furniture than any other nationality in Europe and anything they can do to raise the awareness of design and spread it around, the better we shall be pleased."

She admits that in the short term Habitat has probably got the most to lose but in the long run she thinks it is MFI and Harris Queensway, who have underestimated the public's taste for so long, who will suffer most. All in all it's going to be fascinating to watch.

● IKEA is at 910, Europa Boulevard, Westbrook, Warrington, Cheshire, WA5 5TY (Tel: 0925-55889). For the moment there is no mail order service at all and southerners who can't make it to Warrington will have to wait until next year for the second IKEA store on the North Circular Road not far from London's Brent Cross.

CHEAPEST of the many sofas on offer (in each product range IKEA always has one example that is the cheapest available anywhere—this is it in sofas)—in blue and white or beige and white striped stain repellent, 100 per cent cotton (non-removable) it is, as you see, just £120. The frame is of solid wood, the underseat of zig-zag springs and felt liner, while the back is filled with polyether foam

A TYPICALLY Swedish dining room setting — all is light, tranquil and ordered. The dining-table (flat-pack, of course, like most of the IKEA range) has a top of white lacquered wood veneer on particleboard and an underframe of white lacquered solid wood. Measuring 152 by 98 cm (or 59¾ ins by 38½ ins) it is large enough to seat six people comfortably. £275. The dining-chairs, white lacquered solid birch with blue and white striped seat covers (50 per cent linen, 50 per cent cotton, machine washable) are £48 for the chairs and £4.20 for the seat covers.

Drawings: Anne Morrow

A GLASS-DOOR cabinet with curving front panels, useful and charming. In white lacquer on a particle-board frame, there are solid wood drawers and knobs, drawer fronts of fibreboard. It is 35½ ins wide by 74¼ ins high by 15¾ ins deep, costs £220 and comes in self-assembly form.

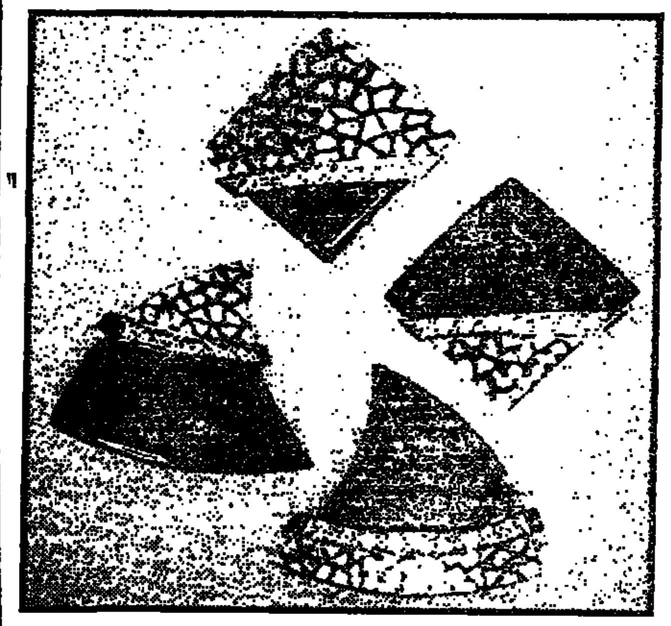
Woolly thinking

FASHIONS and fads in baby-care come and go, but a fad that looks as if it's here to stay is the touching belief a modern mother has that her baby sleeps better, more warmly, and more healthily on a soft fleecy under-blanket known as a Woolrest.

Made from Kiwi wool (otherwise known as wool from New Zealand sheep) the Woolrest Sleepers are designed to lie between mattress and bottom sheet, where they are said to provide a "cushion of air which is naturally cooler in the summer and warmer in the winter."

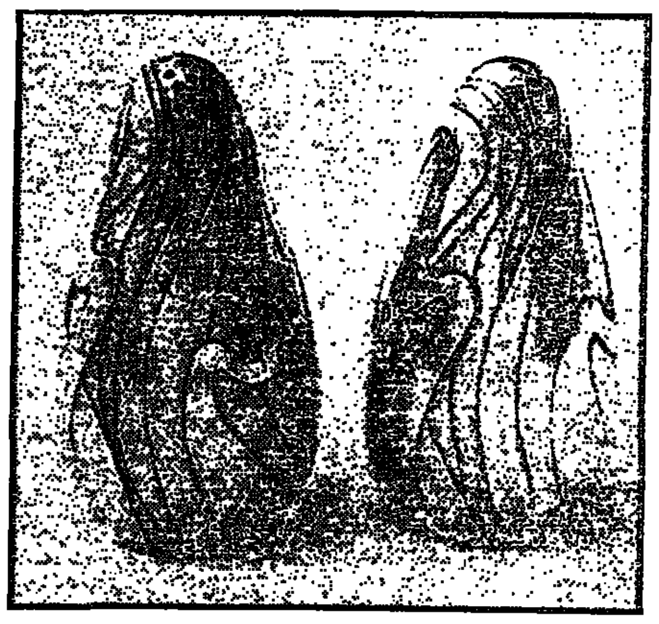
Since confirmation from the nursery set is hard to come by, adults can now try the theory out for themselves. Adult sized single and double Woolrest Sleepers are now on sale at Harrods of Knightsbridge exclusively. They aren't cheap—£125 for a standard single, £150 for a standard double—but those who become accustomed to them won't sleep on anything else. (They are certainly very much more attractive than the average, rather dingy, under-blanket). Made from 100 per cent Kiwi wool, they are soft, thick, and completely washable. Buy them by post for £5.00 extra.

ANY READER who read my piece on Susie Faux of Wardrobe's last seminar on how to make the most of yourself and wished she'd been there, now has another chance. On Sunday, October 18 at Le Meridien Hotel, Piccadilly, London W1, Susie and her team of experts (a top hair expert, make-up artist, nutritionist etc), will be there showing you just what can be done with even the least promising material. Cost for the complete day is £175 plus VAT. For further details write to Wardrobe Consultancy, 3 Grosvenor Street, London W1, or telephone Joanna Binder on 01-629 7044.



NEXT WEEK sees the annual Goldsmiths' Fair, one of the best chances for those who love jewellery and silver to buy work directly from the people who make and design it. It is the simplest, easiest way to see a wide range of designs, from inexpensive exercises in non-precious metals to rich and luscious extravaganzas using silver, gold and semi-precious stones. For many people it has become an annual "must"—a way not only of stocking up on any jewellery or silver they might need but a good place to hunt for Christmas presents.

Any man even now beginning to worry about what on earth he might give his nearest and dearest could hardly do better than take a stroll around the hall. To give you a taste of what is there, here is the work of two very different designers. Above are two pairs of earrings by Maureen Edgar—both are in black enamel, sterling silver and feature cubic zirconiums. Each pair costs £122. Below are some beautifully decorative etched silver salt and pepper pots, three inches tall, by Kay Ivanovic, £495 the set. The exhibition is on from October 5-10 at Goldsmiths' Hall, Foster Lane, London, EC2V 6BN. Open daily from 11 am to 7 pm (except Saturday when it closes at 5 pm). Entrance is free.



Cooking

Get into the rabbit habit

BUTTON onions were selling like hot cakes last week. Crisp and sweet, no larger than marbles and wrapped neatly in bronze papery skins, they proved irresistable.

To judge by the buzz of activity around the spice shop, and to guess by the bottles of vinegar and the bags of sugar I saw being stashed into supermarket trollies, most of these "buttons" probably were destined for pickling (to serve as part of the ubiquitous but very good ploughman's lunch) or to be boiled and glazed with spiced butter to serve as an accompaniment to Sunday's roast chicken.

I bought my fair share but my plan was to cook the baby onions with young rabbit, which is said to be particularly good in September—succulent, tender and flavoursome. I don't mean farmed rabbit, which is pale in colour and in taste and pretty standard month in and month out. I mean wild rabbit, which might have nibbled wild thyme as it grazed the chalky downlands and which will almost certainly have grown fat on ill-gotten gains—lettuces stolen from someone's garden and plenty of the farmer's corn.

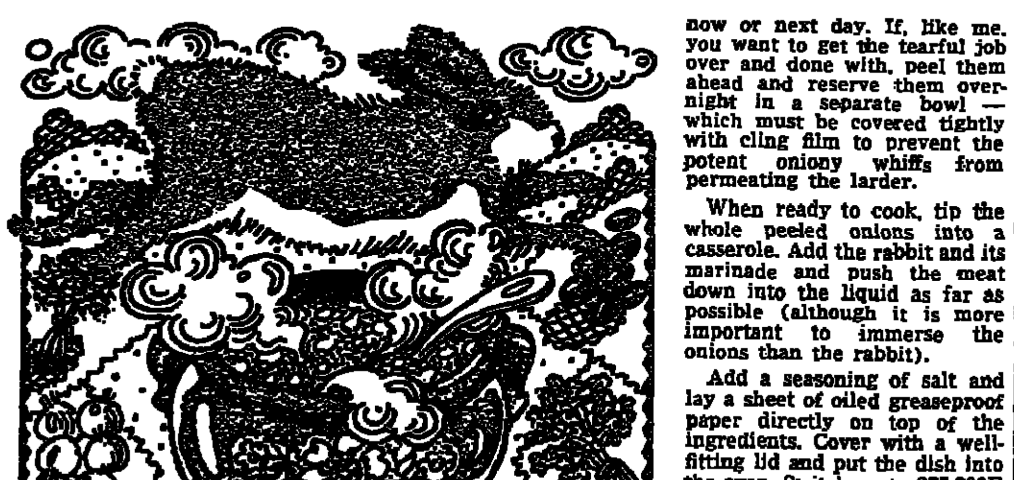
Onions are admirable partners for rabbit while garlic, parsley and thyme are complimentary and so are sweet and piquant black olives. Put this seasonal gathering of ingredients into one pot and you have the basis of a simple and comforting casserole—just the thing to soothe damp spirits on cool and misty evenings now that summer seems irrevocably over.

The only problem is the tearful business of peeling the onions. I have tried everything the tipsters recommend but the weeping goes on. A friend comforts me with the thought that crying is good; a few salty tears are just the seasoning onions need. But I suggest it is best for the sake of flavour, and to minimise stinging eyes, to delay putting on your mascara until after the deed is done!

RABBIT WITH ONIONS AND OLIVES
(Serves four to six)

One of the pleasing things about this dish is that fact that the preparations, which are few, can be done a day ahead. To cook it, simply slide the prepared ingredients into a casserole, put it into a low oven and leave it alone for about four hours. If you have an automatic oven timer, the cooking can be timed to start in your absence so that you come home in the evening to a ready-prepared meal.

One plump young rabbit or 1½-2 lbs rabbit joint, preferably wild; 1½ lbs button onions; a generous handful of black olives, preferably Provençal; a small bouquet of parsley (preferably flat-leafed parsley) and a few sprigs of thyme (preferably lemon thyme); two-three garlic cloves; a couple of bay leaves; two tablespoons olive oil; two tablespoons red wine vinegar; ½ pint red wine; ½ teaspoon ground allspice; sale and freshly ground black pepper.



Anne Morrow

Joint the rabbit if this has not already been done. Put the joint into a large bowl, add a generous grinding of pepper, and sprinkle on the allspice then turn the meat to dust it all over with the spices.

Chop the garlic finely and add it to the bowl together with the finely chopped stalk of the parsley (save the leaves to garnish the dish). Add the bay leaves and the thyme leaves stripped from their stalks. Pour on the oil, vinegar and wine and stir gently. Cover and set aside in a cold larder to marinate overnight.

The onions can be prepared now or next day. If, like me, you want to get the tearful job over and done with, peel them ahead and reserve them overnight in a separate bowl — which must be covered tightly with cling film to prevent the potent oniony whiffs from permeating the larder.

When ready to cook, tip the whole peeled onions into a casserole. Add the rabbit and its marinade and push the meat down into the liquid as far as possible (although it is more important to immerse the onions than the rabbit).

Add a seasoning of salt and lay a sheet of oiled greaseproof paper directly on top of the ingredients. Cover with a well-fitting lid and put the dish into the oven. Switch on to 275-300F (140-150C—gas mark 1-2) and cook for about four hours until the ingredients are meltingly tender.

Add the olives about half an hour before serving. Check seasoning and garnish with several spoonsful of coarsely chopped parsley just before bringing the dish to table. Steamed potatoes are the only vegetable accompaniment needed. Alternatively, a dish of grain goes well with rabbit cooked this way. I particularly like saffron rice, cous cous or polenta.

Philippa Davenport

Anthony Curtis on the import of being Oscar then and now

Passionate prisoner

OSCAR WILDE
by Richard Ellmann. Hamish Hamilton. £15.00, 624 pages

THE LIFE of Oscar Wilde, told here once again, by a great scholar in what must surely be *the definitive version*, has the numbing symmetry of a cruel fable. It recalls one of those exemplary stories whose aim is to show that life for the prideful and the beautiful is punitive beyond appeal. It has a curious similarity to the fable in the version by the medieval Scottish poet Henryson of Cressid, the once ravishing princess who ends her days as a leper, made to sound a warning bell before she approaches *passers-by with her begging* bowl. Among these is the great love of her youth Troilus who in her disfigured and diseased state fails completely to recognise her.

Thus it was with Wilde in those appalling final three and a half years after his release *from prison when he lived* at a variety of addresses in France, mainly in Dieppe and Paris. He had been declared a bankrupt while in prison where he had suffered a wound to one of his ears which never healed; he had no money coming from his books or plays whose copyrights had been bought *by* Alexander, and he relied for funds on the charity of his estranged wife and former friends.

The dreadful Bosie, who had by now come into his inheritance, on the death of his father, refused to make Wilde a *regular allowance and he had* to beg from former acquaintances like Sarah Bernhardt with whom before his fall he had been on friendly terms when she wished to perform the title role in his play Salomé written in French.

Two English schoolmasters having a drink in a café were joined one day by a shambling stranger who charmed them with his conversation for half an hour and then left them to *pay the bill. One* of them was the father of Graham Greene who realised that he had just met Wilde. "'He paid in the only currency he had," commented the novelist.

Wilde still had two works left to publish, The Ballad of Reading Gaol, inspired by a *hanging he had witnessed in* prison, and De Profundis a lengthy breast-beating autobiographical letter addressed to Bosie, outlining the collision course of their relationship, and claiming that the whole experience had taught the writer humility. It had been written in prison, thanks to the Governor bending the rules about prisoners being forbidden to write anything except occasional letters.

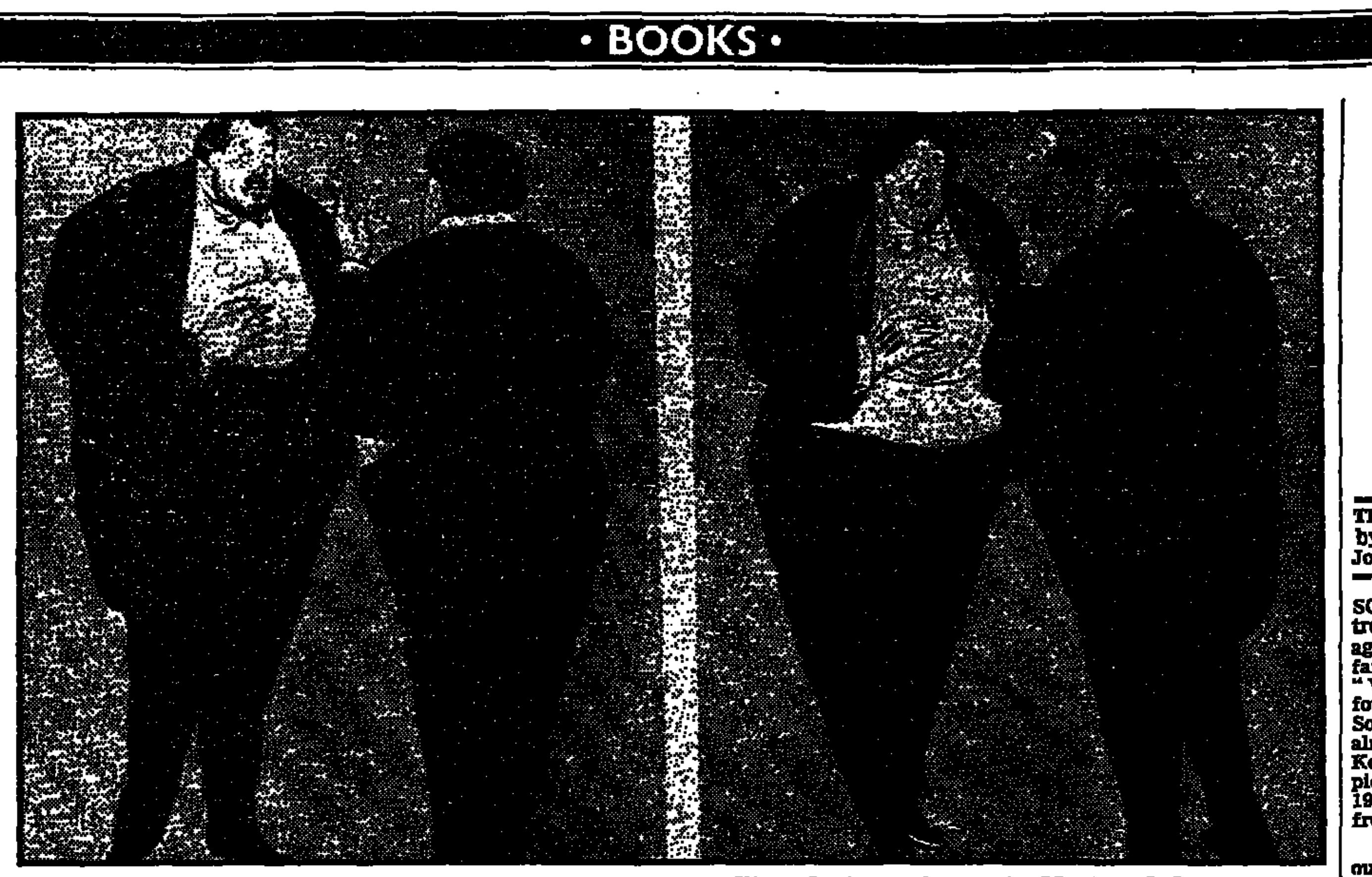
Otherwise Wilde as an author was a spent force, save for his charm in talk. Ellmann's book has here the moving power of a novel; narrative takes over from scholarship. He believes that Wilde had contracted syphilis in his youth and that *this contributed to his death.* It cannot be proved and is disputed by some experts. But even without that last indignity the Greek pattern of hubris succeeded by nemesis Wilde so admired as a prize-winning undergraduate at Oxford is complete enough in his own life.

Although Ellmann has written a long and learned book about Wilde he does not labour his argument with erudite digressions. If you want a history of the aesthetic movement in England you will have to go elsewhere. Wilde's veneration for the work of Walter Pater is given sufficient emphasis in the appropriate context and we learn that Pater *was one of the authors Wilde* requested when he was allowed a few books in his cell but there is no extended account of his thought; nor is there of the development of *homosexuality* as a way of life in the Hellenized outlook of many cultivated Victorian men of letters.

Instead we are closely engaged with the mind of Oscar Wilde. It was both a repository of ideas current and a regurgitator of such ideas in the form of epigrams and what a later age called "one-liners." Wilde turned the epigram into an instrument capable of embracing all experience. He tried it out in his early journalism, developed it on lecture tours in the United States—*Ellmann follows him* from coast to coast—and then perfected it in his comedies. The greatest of them, The Importance of Being Earnest, had just *had its triumphant* opening when disaster struck, engineered by the mad Marquess of Queensberry who certainly did not abide by his own rules.

Ellmann's previous books have been on the Irish writers who succeeded Wilde, Joyce and Yeats. He is needless to say exceptionally good on Wilde's family background: Wilde's father was a doctor with several natural children to nurture as well as Wilde and his feckless brother Willie.

Wilde's mother was a poet who signed her work Sperenza *and was immensely proud of* Oscar. Pride was something the whole Wilde family had to excess, as Ellmann so ably demonstrates. It is deeply to be regretted that he did not live to see the publication of this biography which sets a memorable seal on his career.



The Wilde brothers — Willie and Oscar, Oscar a nd Willie, a double caricature by Max Beerbohm

Robert Blake on an almost forgotten war of our time

Three cruel Korean years

THE KOREAN WAR
by Max Hastings, Michael Joseph. £14.95, 476 pages

SOME WARS seem futile in retrospect. Southey's Old Caspar agreed that *Blenheim* was "a famous victory" but added: "What they fought each other for I could not well make out." Some people may regard the almost forgotten conflict in Korea in the same light. It occupied the world headlines from 1950 to 1953 but soon faded from public memory.

Certainly there was no famous victory for either side. This does not mean that the war was futile like eg. the Crimean War. Kim Il Sung, the paranoiac Stalinist dictator of North Korea, attempted an invasion just as illegal and outrageous as President Galtieri's attack on the Falklands, and he was defeated by United Nations forces *composed overwhelmingly* of American troops. It was a *stroke of luck*, due to a temporary Russian boycott, that the Americans could operate under the auspices of the UNO—an error Moscow is most unlikely to repeat. Chinese intervention prevented the Americans from developing their defence of South Korea into unifying the whole country under a liberal regime.

North Korea remains a dismal communist slum where possession of a bicycle is regarded as a threat to security. South Korea could have had the same fate. To prevent that was in itself a justification of the war, and South Korea has turned out to be one of the great success stories of East Asia, though this cannot have seemed likely at the time.

Max Hastings is one of our most able and perceptive writers on military history. Whether dealing with Overlord, Bomber Command or the Falklands War he is not only very readable, but judicious, scholarly and generous; the last being a quality by no means always found among historians of war. His latest book can only add to a reputation already very high. He has used all the sources available, including *some most interesting* interviews with a few of the Chinese veterans — granted, rather surprisingly, by the Beijing Institute of Strategic Studies. The two countries from which no help whatever could be obtained were Russia and North Korea, but one would scarcely expect otherwise.

Hastings has had the help of innumerable participants on the Western side, not least of General Sir Anthony Farrar-Hockley, adjutant of the Gloucesters in their famous stand on the Imjin in April 1951, currently writing the official history of the British role in the war. Hastings has rightly confined his witnesses to those of relatively junior rank at the time who still have good and reliable memories of the events of 35 years ago, avoiding the now elderly surviving grandees who have mostly said their say elsewhere and become *garrulous and repetitive.*

It was a war of extraordinary fluctuations of fortune fought in climatic conditions different from but not less *odious than* those of that other "forgotten war"—"*Mespot*" in 1915. The cold in the Korean winter is intense and can reach −20 or 30°. In the summer the heat is stifling and dust omnipresent. Even the hardened veterans of the Chinese Peoples' Liberation Army found the climate unbearable, and their incidence of frost-bite, malnutrition and disease was far higher than among their *opponents.*

The first invasion by North Korea in June 1950 had all the success of shock. American *intervention* with an ill-prepared rundown army could not stem an offensive which was only halted at the Pusan perimeter in the extreme South. General MacArthur, over-ruling his staff, like Wolfe at Quebec, then launched the successful landing at Juchaon near Seoul, which sent the over-extended North Koreans scurrying back in confusion. Flushed with success and *folie de grandeur*, the General pushed across the *38th parallel and directed his* forces towards the Yalu River, the boundary between Korea and China. The Chinese intervened on a massive scale. A ding dong battle ensued. Seoul changed hands twice with appalling slaughter and fearful atrocities.

In 1953 after prolonged negotiation an armistice was signed confirming the old frontier. If the Americans had had enough, so had the Chinese. Their total callousness in a war of manpower against fire-power had its limits. The Americans lost 33,000 killed out of 1.3m who served. The South Koreans lost 415,000. No one knows the corresponding figure for Chinese and North Koreans. It was reckoned by the US authorities at 1.5m.

The most sensational episode in the war was President Truman's decision to dismiss General MacArthur in April 1951. He was entirely right. The General was openly pressing for an all-out confrontation with China and Russia. This *had never been the intention of* Washington. The President is indeed the Commander-in-Chief. But it required much courage to sack a folk-hero. There was a real danger of military failure leading to a second Hiroshima in Asia.

As the author points out, the *fortuitous succession of General* Ridgway, after the accidental death at the end of 1950 of his unimaginative predecessor General Walker in charge of land forces in Korea, may have saved the situation. He had the leadership gifts of a Patton or a Montgomery and converted defeatism into self-confidence. The pressure to use the Bomb soon diminished.

The Korean War was described, before Vietnam, as "the century's nastiest little war." But it had a credit balance. It stopped the expansion of a hateful communist tyranny. It was morally right and militarily successful. As Lord Franks told the author it was a "*bellum justum*"—the use of forces to put down a wrongful action. *Indirectly, it* saved Formosa, sparked off the Japanese economic miracle and contributed to the Chinese Russian schism. It was indeed "*nasty*" *like all* wars, but unlike some it was worth fighting.

On parole in Louisiana

THE THANATOS SYNDROME
by Walker Percy. André Deutsch. £11.95, 372 pages.

BLACK IDOL
by Lisa St Aubin de Téran. Jonathan Cape £9.95, 155 pages.

SAINTS AND SCHOLARS
by Terry Eagleton. Verso £9.95, 145 pages.

THE CARTOMANCER
by Anne Spillard. Hamish Hamilton £10.95, 238 pages.

FIREFLY SUMMER
by Maeve Binchy. Century Hutchinson £9.95, 572 pages.

THE ALABAMA novelist Walker Percy, now in his 72nd year, is one of the few genuinely religious contemporary American (or, for that *matter*, English language) writers. Through five substantial novels and two eloquent works of non-fiction, Percy has been a moralist, but a satirical and compassionate moralist never to be confused with a pious fraud or even with a well-meaning but pompous or humourless preacher. He has deservedly attracted a considerable following.

His new and his most profound novel is set in that part *of Louisiana in which he lives*, Feliciana. In a lively preface Percy gives us a fascinating glimpse of it. The Thanatos Syndrome is about Dr Tom *More (the name is not accidental)* on parole in the custody of two other doctors. More notices "something strange in the region"; *it* is, briefly, a computer-like quality *in* women.

Percy has been engaged for some time with the theme of mechanicalness in human behaviour and in particular in sexual behaviour. Here he develops this into a tense story that takes in Nazi psychiatry, the behaviour of Dr C. G. Jung, a criminal experiment, paedophilia, and the life of the "old-fashioned" narrator, Dr More himself.

We find ourselves wishing to know why he should be on parole. It is an enthralling, wise, and often comic book, the best to come from America in the truly serious sense for many years. It is not for superficial readers.

Black Idol is a fictionisation of the life and sensational death of the rich American literary playboy Harry Crosby, the founder of the Black Sun Press in Paris, the friend of Archibald MacLeish, Ernest Hemingway, Hart Crane and many other writers. Crosby led an impossibly dissolute life, (except for a brief period during the First World War when he was an ambulance driver) which ended when he shot his mistress Jose*phine Roche Bigelow, and then* himself in the Hotel des Artistes in New York in December 1929.

This career, a minor sensation in its time, has been well-told in the biography, Black Sun (1977) by Geoffrey Wolff, to which Ms St Aubin de Téran *pays tribute. But, with no dis*respect to Wolff, this unusual and carefully controlled novel is more interesting, in that it begins to provide an explanation for Crosby's strange act. No commentator on his life or on the period, not even his wife Caresse, has been able to do this.

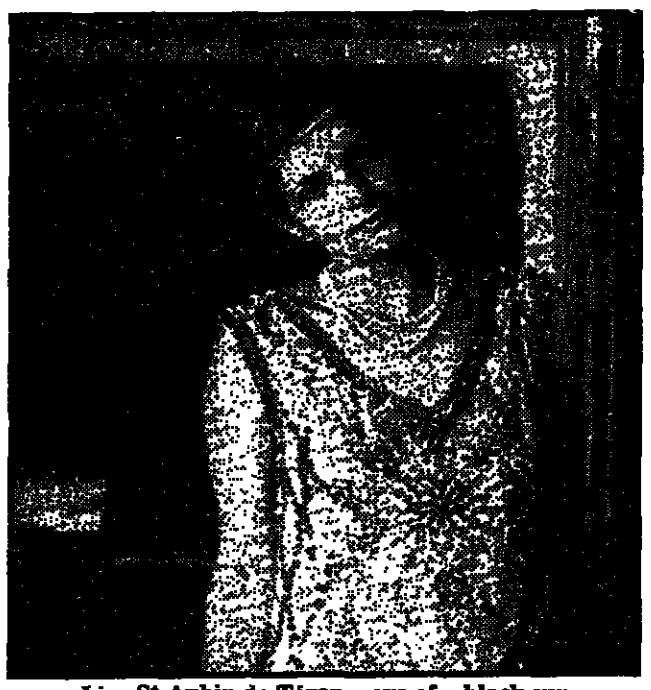
Ms St Aubin de Téran achieves it by the imagination rather than merely ingenious, method of telling Harry's story through the mouth of the mistress he murdered before turning the pistol on himself. This is an interesting and accom*plished piece of work* continuously absorbing at quite a high psychological level.

Saints and Scholars is by the well known and richly confused "Marxist" Christian and "Revolutionary Socialist" critic and university teacher, Terry Eagleton. The imprint Verso, *which has hitherto published* non-fiction, has started a fiction venture with this and another book. Eagleton, although muddled beyond words as a critic, *and seldom in the same* critical position for more than the time it takes to write a new book, is none the less a capable, stimulating and doubtless a fine and annoying teacher. The idea is ingenious, a silly sort of "faction" in which Wittgenstein, Bakhtin, Joyce's Bloom and others, are all gathered together in a cottage in Western Ireland in 1916. The execution is . . . well I leave that to Eagleton's next critical work.

The Cartomancer is a first novel by Anne Spillard who comes from Leeds and has worked as a teacher in Special Schools and as a nurse. It is, perhaps a trifle unfortunately, at this stage of the proceedings, about a woman who is writing a novel; indeed the Cartomancer is the novel that May Knott is *writing about the people at* Camelot College. She tells these people about themselves by means of reading their fortunes from cards. This has its amusing moments and has some pleasant descriptions—but the dialogue is poor and unconvincing. Yet the author has only to observe her weakness in this department and try to bring it up to the higher level *of her descriptive writing* to achieve something. It is all neatly put together.

Maeve Binchy's latest romance, Firefly Summer, mostly about the owners of an Irish pub may be recommended for filling in the afternoon between closing time and opening time, until the laws governing these hours are fortunately changed. It is a massive read, pleasant and witless.

Martin Seymour-Smith



Lisa St Aubin de Téran: rays of a black sun

CRIME FILE

SLEEPING DOGS
by Dick Lochte. Macmillan. *£8.95, 272 pages*

TREBLE EXPOSURE
by Anne Morice. Macmillan. £8.95, 191 pages

IN A first novel of surprising technical skill and narrative assurance, Sleeping Dogs, Dick Lochte uses a clever trick, which works; in alternate chapters, the story is told by Leo G. Bloodworth, private eye, and a teenage girl named Serendipity Dahlquist. Yes, this device sounds disgustingly cute; but actually, since both characters are endearing and smart, the tale moves without breaks and without coyness. It is rather like reading a Mike Hammer with commentary by Holden Caulfield. The book is long but moves fast. Not for the squeamish.

Tessa Crichton, Anne Morice's familiar resourceful actress, is doing a play in Oxford in Treble Exposure, but still manages to solve a complex crime, involving a party of American tourists. Inventive and cheery, as Morice always is.

William Weaver

Silver screen to the White House

EARLY REAGAN: THE RISE OF AN AMERICAN HERO
By Anne Edwards. Hodder & Stoughton, £14.95. 617 pages

RONALD REAGAN and John F. Kennedy *both shared a common* heritage, the offspring of Irish-American parents whose dirt-poor roots reached back to the potato famine. Both grew up *as rock-ribbed* supporters of Franklin Roosevelt's New Deal politics of the 1930s and 1940s and, were Kennedy alive today, he would only be Reagan's junior by four years.

All similarities end there. Kennedy's politics were formed over decades in the wards of Boston and the congressional districts of Massachussetts. Reagan's were formed lackadaisically in the American Midwestern town of Dixon, Illinois. *He was a small-town boy all the* way, whose luckless, Catholic father battled alcoholism all his life and moved from one poor shopkeeper's job to another.

The pillar of strength was his Christian fundamentalist mother who held the family together in Depression-era. He saw life in simple, black-and-white terms—big business was bad, trade unionism was good, and Roosevelt was the man to put things right. It was a view he held until the late 1940s when, after years of exposure to right-wing Hollywood stars, he switched allegiance from the post-Roosevelt Democrats *to the Republicans of Richard* Nixon and Dwight Eisenhower.

Anne Edwards, whose previous works include the worthy Eleanor and Franklin and The Roosevelt *Letters*, and *a biography* of Vivienne Leigh spins the remarkable Reagan story out once again in what must be one of the most thorough *biographical* treatises to appear to date. To some extent, she empties her notebook trying to breathe life into the sheer ordinariness of Reagan's early years in and around Dixon. There "Dutch" Reagan distinguished himself as a natural athlete who literally notched up on an old log 77 "saves" of local youths at the local swimming hole where he served as lifeguard.

Edwards' biography comes alive when Reagan gets to Hollywood in the mid-1930s. A baseball announcer, he followed the Chicago Cubs to their California spring training camp, and used the visit to get himself an audition, which eventually led to his lacklustre, but strategically vital career with Warner Brothers.

It was his actress wife Jane Wyman who paved the way for his membership in the Screen Actors Guild. The SAG's *resident* "liberal" at the outset, he discovered anti-Communism belatedly but with a vengeance, agreeing to be a confidential *informant for the FBI.*

To some extent, Reagan's membership in the SAG proved the downfall of his marriage to Wyman, whose film career was soaring, but the SAG attracted the interest of another young actress, Nancy Davis, who joined the board in 1951 and soon after became the second Mrs Reagan.

In 1950, Reagan formally threw his hat into the Republican camp with his support for *Richard* Nixon's ugly senatorial campaign against Helen Gahagan. A year later, he and William Holden spearheaded the withdrawal of SAG support for actress Gale Songergaard's campaign against the HUAC blacklist of Hollywood stars with dubious political affiliations She did not work for another 15 years.

Fascinating though Reagan's Hollywood years were, the story is not pretty. Edwards points out that Reagan was a rabid critic of actors who went over to television in the 1950s. Yet he, himself, did so in 1954 as a well-paid host of the prime time General Electric Theatre. That show, more than any other, made his name a household word and gave him a national audience *for his increasingly* conservative views. The banquet circuit made him rich, and by 1966 his political apprenticeship ended with his successful *campaign for* Governor of California.

And yet, here we are, 21 years later, on the verge of momentous nuclear arms control negotiations between Mikhail Gorbachev, representing the "Evil Empire" and a B-picture actor.

Frank Gray

Sheffield boy

A CHILD OF THE WAR
by George MacBeth. Jonathan Cape, £10.95. 188 pages

GEORGE MacBETH, equally dexterous at crafting poetry, novels and biographies, has turned his hand to a memoir *of his early years. Surprisingly*, for so powerful and evocative a writer, a clear picture is slow to emerge. This is for two reasons.

First, despite the title, the book is as much about his parents as himself. Intentionally so. His father was killed by a shell, on Home Guard duty in 1941 when George MacBeth was 9 years old. His mother died 10 years later of cirrhosis of the liver (no, she wasn't an alcoholic). The searing effect that this double loss had upon him, and the power of the grief still within him, is evident throughout the book, *over*shadowing other memories.

The second reason is the deliberate curb he has put on his imagination, because as he says: "Invention is easy, but reality sits oddly beside it." In trying to stick to what he is sure "really took place" he *seems to have cut off* any easy access to his younger self. From his poems it is clear that his dreamworld is as vivid as his waking world. In his memoir he has stayed firmly in the cold light of day.

By contrast, the three poems he has inserted into the narrative—one each on the death of his father and mother and one on his time in hospital when ill with rheumatic fever—are intense insights into his inner self, though of course filtered through an adult sensibility.

His parents were Lowland Scots who moved to Sheffield in the 1930s to *improve his* father's work chances. MacBeth grew up a happy, middle-class little boy, fond of fighting, running, toy guns and collecting things—a habit which hasn't left him. Given his double loss, his holding on tightly to what he has seems unsurprising. When he was 11, rheumatic fever felled the young athlete in his tracks—instead he discovered writing and a passion for poetry. The war was a background to *more important* things until it bombed his house and killed his father. Then he absorbed it into himself.

Yet there is humour throughout the book. In the inevitable chapter on early sex he recalls his dismay on first discovering his semen. Having assumed it would be white *and dense like* toothpaste, he worried for a long time that he was lacking in some manly ingredient. While the writing is cautious, it is never flat.

But in the final chapters the writing acquires fluency and immediacy. Describing the death of his *mother, the prose* becomes alive with his grief: "The crisis of my mother's illness came in April. Between the first of the snowdrops and the last of the daffodils." Through the poignancy of the writing we are movingly made to feel, as he does, the heroism of his dead *father, the goodness* of his dead mother and the unworthiness of their surviving son.

Valery McConnell

'Come back that man at once!'

ARGUMENT OF KINGS
by Vernon Scannell.
Robson Books, £10.95, 254 pages

VERNON SCANNELL'S irreverent piece of World War Two history is certain to make blimps see red. Kingsley Amis criticised the book's launching at the Imperial War Museum. Scannell's book is about a good soldier who occasionally walks away from the war when he is sickened by the mindless brutality of it all.

Scannell's hero, John Bain (who, of course, is Scannell himself) was a Gordon Highlanders private in the Middle East. It was the time when the Allies got the Germans on the run in the desert. *He* saw soldiers from another battalion looting German bodies, got up from his dug-out and started walking back to Tripoli complete with rifle and glengary.

Just outside Tripoli, he unfortunately encountered a military police-jeep, was arrested and sentenced to three years' penal servitude in a dreaded military prison in Alexandria. And that's where the story really begins.

The regime in the detention barracks is described with passion and a certain amount of wit—the sadistic screws, the *rule of silence except for the* ten minutes a day "communication period"—Bain is ticked off by a purple-faced staff sergeant for laughing. "This parade is for communication, not for laughing." The ordeal ends when he is offered parole on condition he rejoins his battalion *in England* and goes on the invasion of Europe.

This he does, fights with stoicism in Normandy, receives wounds that puts both legs in plaster casts, and is shipped back home to a hospital in Warrington. After some leave from hospital which he over*stays, he does punishment still* in his plaster-cast and when in May, 1945, Victory in Europe is announced, he walks away from the army again.

I think this book could become a classic of war memoirs. It's a book about a coward (for that is how the *Army saw Scannell). He* wasn't a coward. A brave and skilful middle-weight boxer, hero of his friends in army competitions, he fought with a soldier's skill in the desert and Normandy. The sounds and smells and agony of battle, the frustrations, like hacking open a tin of meat with a bayonet and finding that it's all turned to jelly, are described with a poet's eye.

Anyone involved in those *first few* weeks of the Battle of Normandy can see it all again — the bloody fighting for every green hedgerow, the ruined *farmhouses* with a booby trap on the lavatory chain, the stink of the dead, swollen cattle and the sudden death of a mate from a single shot on the night.

Argument of Kings is a considerable anti-war book. The Imperial War Museum was right to take it under its wing as it prides itself as being a museum about war and not a museum to salute the military virtues. If Scannell's is the book of a coward, generations removed from the war may see it as the story of a survivor, a considerable poet, and most *of all*, a salutary antidote to the memoirs of the generals.

Alan Forrest

Barclays Bank sponsors young artists. Bryan Robertson reports

Figurative is fashionable

THE SPONSORSHIP record of Barclays Bank in recent years is distinguished not only for its generosity but also for its breadth of interest. "So it should be," you may say, but the Bank's philanthropy could easily just not exist in the public domain — or be restricted to the (imaginary) current chairman's (hypothetical) personal enthusiasm for horse-racing or needlework.

As it is, Barclays' interests range through support for all the foreign tours of the Royal Ballet, both companies; Glyndebourne Touring Opera; a new production of *Coppelia* for London Festival Ballet; an ongoing "Youth Music Theatre" award covering anything from a new opera to experimental performance art incorporating music, and lots of awards for school sports competitions in football, cricket, hockey and basketball as well as a public speaking prize and an award for new applications to business and industry for computer software.

Four years ago, Barclays extended its activities as sponsor by the annual award of a £10,000 prize for a postgraduate painting student, to be selected on outstanding merit by an independent panel of judges. The art schools in London providing postgraduate courses of study are the Slade, the Royal College, Chelsea School of Art and the Royal Academy Schools —that grandly dilapidated basement of Burlington House where generations of students have studied art since Rowlandson immortalised its theatrically tiered Life Room with a typically rumbustious drawing of students scuffling and giggling at life class and, inevitably flicking pellets at the female nude model's ample rear.

Barclays' £10,000 is intended to give the emerging artist a year off, ideally also for travel or residence abroad. The Bank also takes a painting from each annual prizewinner for its own collection. The bursary gives a marvellous spin-off to an arduous vocation at a time of financial cutbacks in art schools and a great diminution of subsidies in an overcrowded profession.

Barclays agreed to my preference for a small jury: we added Caryl Hubbard, a self-effacing force for good among the Trustees of the National Gallery and the Tate, and Chairman of the altruistic Contemporary Art Society — which raises money for contemporary art for our museums — and John Hoyland, to represent practising artists. Hoyland was replaced this year by Patrick Caulfield.

This year, the work of eight finalists will be hung together as a show from October 5-10 and open to the public at the new and elegant Henry Moore Gallery at the Royal College of Art. The prizewinning decision will be made while the judges install the show this weekend and announced at the opening at noon next Monday.

In previous years, there has been no finalists' exhibition, the judges arriving at their verdict after visiting all the relevant end-of-year shows. The new plan brings the public a little nearer the selection process, gives the finalists an extended airing, and makes for better conditions and more time for the judges' task. What have we found so far?

The eight painters come from all over the country, including Scotland; only two are Londoners; all are in their 20s; most of them have won prizes or scholarships before. All the painters are gifted: dealers and buyers should consider the show carefully — our first prizewinner four years ago, Richard Gilbert, has gone from strength to strength and is now in Chicago with a Harkness Fellowship.

From the Slade, Elizabeth Merriman paints lyrical still-life with figures, Jonathan Sharratte devises vast interiors with domestic objects; from Chelsea, Philip Kett creates imaginary monumental landscape sites, Frank Creber imaginary, haunted seascapes, Carole Whitehead heroic groups of figures; from the Royal College, Alexander Guy makes sardonic figurative compositions, Yvonne Hindle projects luminous abstract spaces and Karin Radford paints large, bright abstract - expressionist canvases. Are they typical of young artists now, in their subject matter and approach to art? How do the respective art schools compare with each other?

"Figure with Still Life," by Elizabeth Merriman

These artists are typical of their generation in the way they all come to youthful maturity when painting had lost belief in itself in the seventies in the face of pressure from performance art and photography. Their work reaffirms the possibilities and the vitality of painting; all of it is concerned with content, subject, or a humanised, occupied space—pure abstraction is not in evidence. In this, they are following, unconsciously or not, the pressures of international fashion which have made figurative art the dominant style yet again, extending the line from kitchen sink painters and pop art. A pendulum has swung in England for 40 years between abstract and figurative art. Why they cannot co-exist beats me, but there are signs that things are levelling out. Women artists are conspicuous and numerous. Expressionism is still in, sometimes intelligent, often like Soutine in Disneyland.

All our art schools are spasmodically producing good work against harsh odds of reduced money for equipment, space and fees to enable senior artists to teach and pass on their knowledge. The only disappointment has been the RA Schools where we have drawn a blank at the painting show each year but this establishment has suffered from a chronically ill principal now departed, so that the standard of work should now improve.

We are all struck, continuously, by the heroic tenacity of young artists in surviving. There is a booming art market but largely in blue chip investments or at least solid names. For all the increase in the number of shows and galleries there are still hordes of artists striving for a place, let alone a livelihood. We may pay more attention to art than we used to, with largely the Arts Council to thank, but there is still an inadequate press coverage of art (TV disgracefully does practically nothing) and we still prefer to keep art on the move, at a distance, in temporary shows rather than buy it or commission it or use it constructively. Maybe those newly affluent youngsters in the City will start to collect *something other than champagne* corks. Barclays is setting a noble example.

Bryan Robertson is chairman of the judges.

Andrew Clements introduces Nigel Osborne's new opera

Glyndebourne Electrified

THE ELECTRIFICATION of the Soviet Union is the first full-length opera to be commissioned by Glyndebourne since Nicholas Maw's *The Rising of the Moon* in 1970. It is written to a libretto by the poet Craig Raine, and the premiere in Sussex on Monday will also mark the British debut of the much celebrated American stage director Peter Sellars.

It is Osborne's third completed opera; the bulk of it was composed after the heavily criticised *Hell's Angels*, presented by Opera Factory in 1985. But the origins of this work go back much further. Osborne had long cherished the idea of making a stage work from Pasternak's autobiographical novella which has become known by the title of its rather inadequate English translation, *The Last Summer*.

The Last Summer, together with the closely related narrative poem *Spectorsky*—still to be translated into English—offers a portrait of the young poet Serezha Spectorsky, a thinly veiled impression of Pasternak himself. The novella is almost plotless; it lacks narrative coherence, but relates in flashback the events of the summer of 1915, when Serezha was tutor to a Moscow Jewish family, and fell for its governess Anna Arild, while at the same time calling regularly on the prostitute Sashka. Serezha proposes to Anna at the climax of the book, but soon recovers his equilibrium to sublimate his experiences in the composition of a play. All this is recollected from the perspective of the following year, when the revolution is at its height, and Serezha is visiting his committed sister Natasha; he sees the world around him with the heightened awareness of a poet —it is "electrified."

When Glyndebourne offered Osborne a commission he went to Craig Raine, whose poetry he had already set, and which he had admired for what he perceived as the "musical quality" of his verse. At the time he suggested turning the novella into a viable libretto, he had no idea of Raine's relationship with the Pasternak family — he is married to the poet's granddaughter — and that Raine had, in Osborne's description, a "rendezvous" to make with the Russian, both because of his family ties and the deep stylistic connections between Pasternak's highly personal metonymy and the "Martian" imagery of his own poetry.

Raine produced a first draft, utilising material from *The Last Summer* and *Spectorsky*. At that point, however, Peter Sellars became involved, and Osborne found himself attempting to mediate between a librettist sticking to his guns and a director seeking to impose his own dramatic concept upon the opera, finding affinities with both and struggling to reconcile their ideas.

Sellars first suggested scrapping Raine's draft altogether and going back to Pasternak's Russian, but a creative compromise was reached: the final result deviated further from the original—Pasternak himself appears as a character in the action, others find their roles enhanced, and there is now a prologue and epilogue that place the action in the violent context of the revolution—and there was to be extensive use of video. Though in the end the Glyndebourne staging does not use video techniques, the action remains "filmic"—there are frequent, sharp changes of scene, catching the elusive, transitory quality of the original. "I have written an opera," Raine writes, "but tried to avoid the silliness which sometimes seems endemic. . . . In other words, I have attempted to write a serious poetic drama —a work which differs from other dramatic verse by the necessary inclusion of songs."

One of Osborne's stipulations was that the libretto should contain songs, and it is in those that Raine's Martianism comes into its own. They provide moments of reflection, a change of musical gear in a fast-mov'g opera and the opportunity for the invention of unselfconscious lyrical lines. For the viability of Osborne's musical language the songs will also, one suspects, provide the severest test. The technique he has developed for *The Electrification* — neither serial nor tonal, but in the strictest sense atonal with a free use of quarter-tones—is, he is well aware, not a permanent stylistic solution, but the best answer to his expressive needs at the present time, and one which allows him to integrate the orchestral textures with the element of the score created on tape, and which occupies around 15 minutes of the completed opera.

In the context of Osborne's development there is no doubt that *The Electrification* will assume a critical position. The drubbing handed out to *Hell's Angels* — a work which, incidentally, Osborne firmly defends and in which he retains a pride — must have affected him deeply. The new opera is a far more ambitious project, highly wrought and multi-layered where its predecessor was journalistic. It promises to be a collaboration between a poet and composer of equal stature, a work in which words and music can stand in equitable partnership, each quite ready to electrify the other.

Sinopoli's Mahler

MAHLER'S Ninth Symphony is, I believe, the greatest symphonic work produced this century, and one of the greatest of all in the genre—a work for which the subtitle "Tragic" would not be inapposite, and yet at the same time, and in real terms of pure musical argument, a work that rises above any such single verbal formulation. It seems necessary to offer affirmations of this kind after Thursday's performance at the Festival Hall by the Philharmonia under Giuseppe Sinopoli, in which much of the work was rendered unrecognisable according to the above description.

The Ninth is a work on which Sinopoli has obviously spent much time and thought. The interpretation is at least thoroughly pondered, and the results are sincerely wrong-headed — in this it was at a decent remove from, say, Sinopoli's *La Mer*, a work reduced to total unintelligibility in his hands, or his insufferably self-conscious, unidiomatic DG recording of *La forza del destino* (which, *horribile dictu*, has just been awarded the title of 1987 "Opera Recording of the Year" by Gramophone magazine!). But all the same, Thursday's Mahler reading was not one in which the fibre of Mahlerian argument or the character of Mahlerian musical invention was examined with any great exploratory intelligence; instead, the leaving of the conductor's own personal stamp on the music seemed to be its most urgent preoccupation.

"The struggle of the life-hungry man against imminent death" is how William Mann's typically lively programme note summarised the theme of the work. In this performance, most of the struggle was removed by Sinopoli's misreading or, worse, conscious contradiction of Mahlerian tempo instructions. Tempo mastery is the secret of the authentic Mahler Ninth; in the first movement, a firm *andante comodo* pulse, never lost in the many requests for temporary hesitation, and returned to after the episodes of storms and stress, realises the tragic grandeur of the movement. Sinopoli started too slow, was ready to get slower at the first opportunity, and came near to a full stop quite early on. The overall vision was clouded and sluggish, the sound lacked bite and intensity (well though the orchestra played, here and throughout), the furious anguish failed to well up.

It was the same story in the Landler—or rather worse, for the uninvited sudden slowings and the failure to achieve the intended tempo inter-relationships added up to a mannered, soggily un-ironic Scherzo. The Rondo developed slightly greater sharpness of attack but sacrificed it to a soupy middle section. And the characterisation of the great final Adagio was, in effect, if not in intention, impossibly sentimental. This was not a "controversial" Mahler Ninth (the epithet is one used a great deal in current Philharmonia publicity material in the attempt to make the "Sinopoli phenomenon" more interesting). It was simply misconceived.

Max Loppert

Royal Thai Dancers

THE IMAGE of Thailand's theatre proposed by the Royal Thai Dancers and Musicians now installed at Sadler's Wells is gentle in the extreme. There are ravishing costumes rich in gold and silver embroidery, shot with glowing colours. There are head-dresses like the spires of a pagoda, and shoulders curved like the eaves of a temple. Feet tread delicately through tripping steps, while hands, sometimes accoutred with golden nails a foot long, curve backwards and curl in decorous poses. Winning smiles, an air of serenity, the careful placing of fabric as the dance seems to venture prettily from the carapace of the clothing: these are the outward signs of an art whose inner life appears all too mild for the harsh world of today.

At its most serious, in a selection from one of the mask-plays known as "khons," the world of gods and demons, of battle and retribution, has a hieratic power that transcends the refinement of the style, and the entrance of a divinity does suggest something supernatural and potent. At its most innocuous, when the smiling girls twirl gently as in some parade to display embroidery and the shimmer of Thai silk, the entertainment is inscrutable in its blandness. But, to prove that all is not amiability and gold thread, there is a fight between two men armed with swords, and wooden arm guards to protect against brisk blows from a stave, which has a nicely dangerous air.

This apart, the evening is generally undemanding, bright with the pentatonic clamour of xylophones, drums and the bite of an acrid-toned oboe, and brighter still with the glow of the costumes. This is the second visit of the Royal troupe to London; we must hope that in a future appearance, some stronger elements from the traditional dance-dramas can be shown. No nation's art should be so unrelentingly determined to charm.

Clement Crisp

Radio

Pepping up Pepys

HATS OFF to Independent Radio Productions Ltd, the producers of *Pepys*, currently to be heard on LBC at lunchtime. *Pepys*, by Richard Shannon and Tim Crook (who are also the directors of IRP), is an amplified version of the immortal diary, to which extra dialogue and sound effects have been added to add more drama. Pepys was pretty nonchalant about the plague and the great fire, preferring to record items about business, society and love. Shannon and Crook reckon that if there's a plague abroad we should know about it.

The added words are 20th century style ("that bloody dog") but paint the necessary pictures in the daily five-minute episodes. It's not Dryden; it's not even Shadwell; but it's certainly worth doing, and may even send listeners to the original. Mike Shannon plays Pepys, Alexandra Mathie his wife Elizabeth.

While I am on improving subjects, there was a good programme on Radio 4 at half past midnight on Tuesday morning, an A Level English programme on Satire. We heard Fluck and Law on *Spitting Image* ("no time for balance," they said frankly), Gerald Scarfe on the caricature, some good verse by Betjeman and Belloc and some dreadful verse by Bond, a word of praise for *TWTWTW* and one for Roger Woddis, the tireless poet of Punch, New Statesman and Radio Times (who would have been my choice for Poet Laureate if anyone had asked me). Much of the better stuff came from the Rt Hon Kenneth Baker, who keeps a private collection.

The BBC is keen on anniversaries, and this week Radio 1 celebrates John Peel's 20th year as a DJ on that channel in *Peeling Back the Years* (Saturdays and Thursdays). In six programmes, interviewed by John Walters, he will tell of the lineage of popular music in his time, from "Blue Tango," Johnny Ray's "Cry," "Little Red Monkey," Frankie Laine's "The Kid's last fight" and so on: (I loved the line in the Frankie Laine song that ran, "The Kid is climbing through the golden ropes.") Mr Peel has a friendly persona, that being, after all, the main requirement in his profession. In the record library he will probably meet Mike Hollingworth, who is doing a similar job, but less personal, for Radio 2.

Frederick Bradnum's *The Mote in the Eye* uses the manner of Marguerite Duras to unveil a single situation with no significant development. Peggy (Monica Grey), 30 years married to Desmond (Guy Rolfe), a failed Tory Minister of Defence, was once the mistress of Maurice Holtby, a MI6 traitor.

Peg and Desmond have taken a house near Owen Griffiths, a Marxist historian, and his wife Catherine, Peggy's old friend. A "Mitteleuropean" lady, Rosa (played by Carol Marsh almost as a Mitteleuropean parody), is staying as Peg's guest, no one knows why. It is only through social, speculative and reminiscent conversation that we learn that Peg was in with her Maurice, and indeed carried on his work after his death.

Des, torn between loyalty to his wife and his duty to report her, resolves the crisis of conscience with a shotgun. Characteristically, we do not hear this happen, Peg comes to Owen's house to tell them. I am afraid I felt that as the conversation was the main dramatic weapon in the play, it ought to have been better. Graham Gauld was the director.

The BBC has published a handsome book to mark the tenth anniversary of the Radio 4 programme *Origins*, about the world of archaeology. It is edited by Barry Cunliffe and written by various learned contributors. There are many maps and line drawings, and some fine colour plates. BBC Publications, £16.95, 189 pages.

B. A. Young

Bad to Bing via West Coast hip

Records

ANYONE MAKING intellectual claims for pop music would have their work cut out explaining away *Bad* (Epic), the latest contribution from Michael Jackson, whose *Thriller* album remains the best selling record of all time. The songs are classics of transient pleasure. You welcome them like old friends, familiars of discos, boutiques, car radios, ghetto blasters. Meticulously produced by Quincy Jones, aided by many hundred collaborators, all studiously acknowledged on the album sleeve, this is pop music refined to perfection — and to nothingness. Few people will actually listen to the songs but they will give great pleasure when danced to, drunk against, talked over, driven with, and breathed alongside.

The fast tracks come over the best — the primal force is located in the drums and the bass — but perhaps the most amazing is a love song, "I just can't stop loving you" in which Jackson duets with Siedah Garrett. This encapsulates Jackson's appeal; he is completely androgynous in voice, so he leaps over sex barriers, just as his remarkable appearance, whitened and straight haired, has made him a racial synthesis.

The man and the music symbolise in *Bad* the pop industry, its technological excellence; its addictive pleasure; and its basic superficiality.

There is one nod in the direction of fashion in *Bad*, the song "Liberian Girl," a delicate ballad in which Jackson incorporates some African phrases. The worrying inability of western pop to come up with anything original in the last two years has forced it to live off its own history and to raid other musical cultures, notably that of Africa. "Liberian Girl" must represent the culmination of the trend. Despite its jungle intro, and muttered talismans, it is about as genuinely Afric as "The Road to Morocco."

A much more worthy exhilarating, and barrier breaking fusion of Africa and the West is on hand with *True Jit* by the Bhundu Boys. This Zimbabwe group has generated such an appeal that the five members, now, apparently, live in Bridlington and are signed to WEA. This usually produces mutters of "sell out" and "adulteration," but the first album recorded in London adds smoother producton values to a collection of defiantly indiginous songs. From the first rousing trumpet call in the title song the spirits quicken; you can feel the new blood pouring in to regenerate pop music.

The rest of the current scene is deperately unimaginative. As we mark time for the next creative force there is a flood of material from such old fogies as Mick Jagger, Jethro Tull, Bee Gees, Pink Floyd, Grateful Dead, and Yes. And why not? The pleasures of the pool and the private jet, the Riviera apartment and the Scottish estate are notoriously illusionary. The Grateful Dead, with "In the Dark," come out best from this bonanza of These we have Loved, probably because they have played together and stayed together for over 20 years living that old West Coast hippie, laid back dream, to the full. If there was ever anything in "love and peace and rock and roll" it was this bunch of folksy oldsters.

There is something good-natured and optimistic about the music. You are half-way driving down a LA freeway already Jerry Carcia's voice sounds much abused but the guitars trill away in easy funky embroideries as if they were playing themselves, which to a great extent they are. Because the music was always unpretentious and commercial it keeps its appeal. In contrast *A momentary lapse of reason* from Pink Floyd, or rather from remnants David Gilmour and Nick Mason, can't fail to raise indulgent smiles, on the lines of "do you remember when we took this seriously?" Perhaps it is all a send-up, certainly the intro, with its baroque chords and burping sound effects, evokes an image of prehistoric monsters crawling out of some particularly loathsome lagoon. Still there are people who prefer repro furnishings to the genuine article.

To save time, and money, some record companies prefer to re-package old material rather than haul super-stars back to life. There has been a glut recently. A warm welcome to Nice Price Doubles, in which CBS has re-issued two album sets from such major names as Rolling Stones, Bob Dylan, Sly and the Family Stone, and Janis Joplin for £5.49. Playing Joplin's live album again confirms the heresy that she had a lousy voice but could make a band work for her, and enough of the stage exhibitionism survives.

Going even further back PRT have come out with what seems to be the pop repertoire of Pye Records in the 1960s. The Status Quo of those days, The Searchers, The Kinks, and Mungo Gerry are just some of the artists resuccitated. There is also David Bowie recorded in 1966 when he played with the Lower Third. This was the great era of the single, and the songs lose some of their fleeting, simple, charm when massed together on albums. But here is a genuine art form at its peak, one that has now been blown up into a justification of life. Pop just can't carry that responsibility.

Finally another curiosity. In the 1950s Bing Crosby had a radio programme on which he was accompanied by the Buddy Cole Trio. Ken Barnes got hold of the tapes and asked Peter Moore to arrange lavish orchestral and vocal backings for them. Now there is a triple album of 73 classic Crosby songs in which his impeccable baritone is immersed in the cascading strings once associated with George Melachrino. The voice, and the bargain price (under £10), justify the sacrifice.

Antony Thorncroft

Chess No. 691

1 R-N5, K-R6; 2 K-R5, K-R7; 3 K-R4, KR8; 4 K-N3, K-N8; 5 R-QB5, K-R8; 6 R-B1.

WEEKEND FT

SPORT

Golf/Ben Wright

Foreigners demand justice in US

As Nicklaus said: 'A player of world stature should be welcome to enter any tournament anywhere'

AS THE USPGA Tour's commissioner, Deane Beman, watches the prestige of his once all-powerful stable of homebred players crumble inexorably around him, he appears more and more like a latter-day fiddling Emperor Nero or a wave-watching King Canute.

Beman was not mentioned by name by either captain, Tony Jacklin or Jack Niclaus, at the Ryder Cup closing ceremonies last Sunday evening, after Europe had retained the trophy by recording a momentous first victory on American soil at Muirfield Village Golf Club in Dublin, Ohio.

But their message was loud and clear—namely that both want the immensely lucrative American tour to be made more accessible to foreign players who have proved their world-class ability, as has every member of the triumphant European team.

But will Beman heed their pleas? And will those at Augusta National Golf Club who issue the invitations to the US Masters tournament make up for their arrogant disregard of Europe's star professionals in 1987, when only former champions Seve Ballesteros and Bernhard Langer, who qualify automatically in any case, Sandy Lyle, Howard Clark and Jose-Maria Olazabal received invitations?

Only time will tell. But if there is any justice, the entire European squad should be invited to Augusta next year.

The American Tour's attitude to foreigners has been inexplicably isolationist since the late South African Bobby Locke threatened to dominate it in the late 1940s. Some American stars were sufficiently jealous to persuade the PGA to ban Locke because he failed to return immediately to America after winning the 1949 Open Championship. Locke had committed himself to play in the next two events in America, and—when he failed to show up—was banned for life on a mere technicality.

The subsequent outcry among those who were fair-minded caused the ban to be lifted quickly, but Locke wisely opted for rich pickings in Europe, most notably three more Open titles.

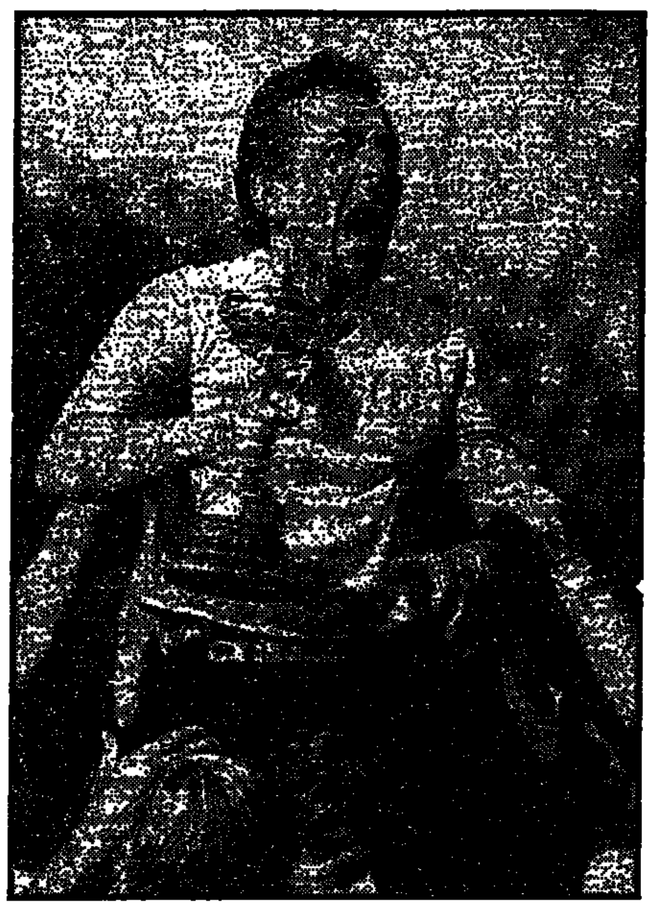
Under the present rules of the USPGA Tour, if a foreign player joins it he is required to play a minimum of 15 tournaments a year in America. If he does not become a member he is restricted to five sponsored invitations a year, not including the three majors: the Masters, Open and PGA Championships.

Ballesteros was suspended for the entire 1986 American season, and his name removed from the Tour's media guide, because he failed to play the mandatory 15 events in 1985. Many great American golfers were outraged by Beman's ban, and still are.

As Nicklaus said last Sunday at Muirfield Village: "Such rules are archaic, as Tony Jacklin rightly says. A player of world stature should be welcome to enter any tournament anywhere, provided he abides by the rules of his home tour. He should have the freedom to travel around the world as he wants. Golf is going more and more to a world game — towards a world tour. We should let it happen and help it along, instead of trying to prevent it happening."

Ironically, during the week after Europe's Ryder Cup triumph, 62 "senior" professionals are playing for \$1m for the first time ever in the Vantage Championship at Tanglewood Park, North Carolina, just eight years after the USPGA Seniors Tour got off the ground with two tournaments in 1980. And with the exception of Chi Chi Rodriguez, the three most likely probable winners are foreigners — Australian Bruce Crampton, New Zealander Bob Charles, and South African Gary Player.

Week by week the Senior Tour gathers fresh momentum. In 1980 the total prize money was \$250,000. In 1987 it is \$8.7m.



A victorious Tony Jacklin with the Ryder Cup

And just around the corner lurks Lee Trevino, who will graduate to it on his 50th birthday on December 1, 1989, and Nicklaus, who reaches that milestone on January 21, 1990.

The latter has said that he will not play senior golf on a regular basis. But his arch-rival, Arnold Palmer, scoffs at this. He told me recently: "Jack is so competitive he will be unable to resist the challenge, and he knows as well as I do that one has to play regularly to remain competitive."

Beman must realise that, when that formidable duo joins the Seniors Tour, his "main" tour is going to be in trouble by comparison, because of its boring parity, unless he has the good sense to invite the Europeans and all other foreign stars to compete on it whenever and wherever they choose.

Just as surely, the best Americans should be welcome to compete around the world with the same degree of freedom, and very soon Australian Peter Thomson's long-expressed dream of a world tour will finally become reality.

Several American tournament sponsors in the gallery last weekend told me they thought the tiny Welshman, Ian Woosnam, could become an overnight sensation in the US. The massive Andy Bean edged him by one hole in their top singles match, but Bean paid generous tribute to Woosnam's length. As he told me: "It hurts when a little bitty fellow outdrives me on every hole but one."

Ballesteros, who is absolutely in his element in matchplay, lost only once against four victories, and was clearly the dominant player on either side. Beman should put their rancorous verbal skirmishing behind him once and for all and tell Seve that he is welcome to play in the US any time and wherever he likes. Beman and his Tour need Seve as much as the American public deserves to witness his uncanny genius. And Seve needs to try to dominate the US Tour if he is to be regarded in the fullness of time as what many already suspect he is—simply the most naturally talented golfer of all time.

It is hard to carp about such a fabulous sporting occasion played in such a beautiful setting and graced by the most sportsmanlike behaviour.

But what really disturbed me was the average American fan's total ignorance of matchplay, and, in particular, of the Ryder Cup, for the very good reason that he or she seldom gets to see either the match's format or its execution.

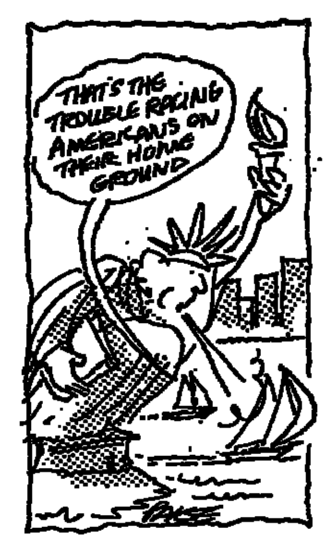
For instance, I walked past the 17th and 18th greens last Friday morning on my way out to catch the action, only to be asked by countless incredulous fans waiting there why the players in the first foursomes match—Curtis Strange, Tom Kite, Sam Torrance, and Howard Clark—had walked past them without playing.

A local station sent a camera crew out on the streets in nearby Columbus, Ohio, on the eve of the match to ask one simple question: "What is the Ryder Cup?" They received only two positive answers from two gentlemen, who said they were sure it was a major horse race.

A lot more Americans know about the Ryder Cup now, but still far too few. Too many televisions stations around the US pre-empted golf in favour of college football and the rest last weekend, and missed what was almost the greatest American comeback in the history of the event.

Yachting/Keith Wheatley

Money is flowing into high-level sailing as the visibility of the sport grows by leaps and bounds



More than a match

SAILORS tend to get goose pimples when one mentions going aground. It is not so much the danger — although that can be real enough — as the embarrassment factor. Poor Eddie Warden Owen had the blush-making task of pulling his yacht off the putty right beneath the Statue of Liberty when the first of this season's match-racing championships was sailed in New York Harbour. (In these championships, the host club supplies identical boats, usually cruiser/racers around 30 ft).

Warden Owen, the British representative on the circuit this year, was matched against top US sailor Gary Jobson in the very first race of the event. Jobson knows the savage tides at the confluence of the East and Hudson rivers intimately. He also knows the shoals, and led his opponent on to the soft stuff with great guile. Jobson bore away at just the right moment whereas the British had eventually to motor off and forfeit the race.

Warden Owen, who was alternate helmsman for White Crusader in the last America's Cup, redeemed himself later. He lost no more races and finished the round-robin stage of the regatta joint leader with Jobson. In the semi-finals, however, the British helmsman lost 2-0 to Peter Gilmour, a 26-year-old from Perth who shared the wheel of Kookaburra with Iain Murray in the battle against Dennis Conner last February. After defeating Warden Owen he went on to sail three very thoughtful races against Jobson, winning two and taking the Liberty Cup.

The names of the other contestants were like a roll-call from Fremantle. Chris Dickson, Marc Pajot from French Kiss, and the Canadian skipper Terry Neilson were all there plying their trade beneath the gaze of Lady Liberty. Match-racing is not a common enough form of regatta for a helmsman with serious America's Cup ambitions to stay away from this burgeoning Grand Prix circuit.

This is the first season that there has ever been a world championship for the match-racing sailors. There are seven more events before a Superbowl-type final off Long Beach in July next year. The Australia Cup on Perth's Swan River comes next at the end of this month, and then there is the fascinating prospect of the Nippon Cup in early November.

Japan is in the grip of a sailing craze. The volume of pleasure craft being sold each year is rising so swiftly that several Australian and New Zealand boatyards are planning to establish subsidiaries there to take advantage of the low dollar and high demand. One manifestation of the sport's popularity is the presence in Japan of two America's Cup syndicates—although the country has never competed in the event before.

Technology can build fast boats. The Japanese have few doubts about their ability on this front, but the recherche skills of match-racing may be harder to acquire. For this reason the Nippon Ocean Racing Club, Japan's answer to the Royal Yacht Squadron, has instituted the Nippon Cup.

Money is flowing into high-level sailing fairly freely at present as the sport's visibility increases by leaps and bounds. National Westminster Bank has decided to sponsor Warden Owen and his crew around the circuit, paying for travel and accommodation, in order to promote its Gold Plus service for high earners.

Of course there is a big gap between promotion at this level and the frightening sums needed to back an America's Cup syndicate. Yet Britain's White Horse company has announced that it is keen to buy into a British entry in the San Diego carnival.

Just as White Horse does not yet know which syndicate it will support, so the sailors are far from knowing what the next America's Cup itself will look like. That is now being decided in the Supreme Court of New York. The case began with the New Zealand syndicate asking for a ruling that their challenge to the San Diego Yacht Club to race next summer in boats of 90 ft waterline (a massive 140 ft overall) was a valid view of the Deed of Gift.

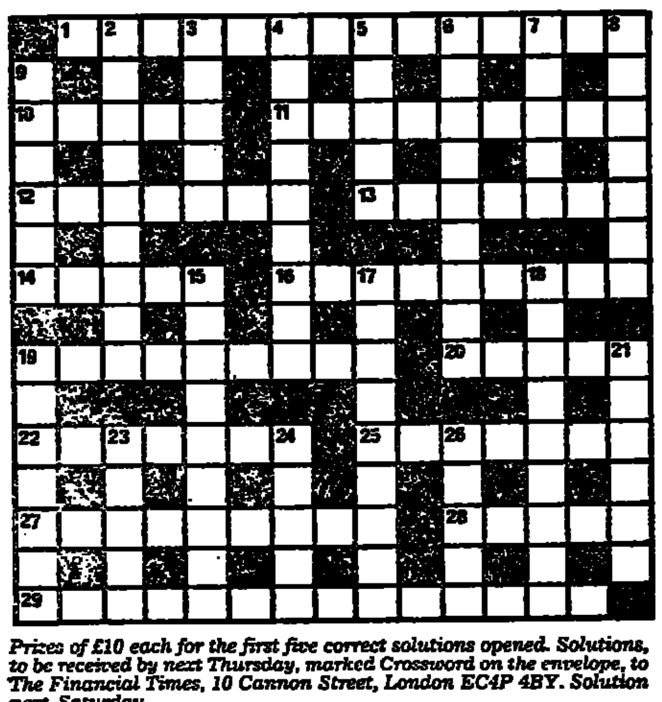
Since then the integrity of the Attorney General of New York has been impugned, the New York Yacht Club has had its skulduggery of the past 30 years exposed, and the case has generally taken on a complexity worthy of the Chancery Division in Dickens's time.

Opinions are divided on the chances of a Kiwi success in the courts. There are two stages of appeal open to the parties and both sides have said they will use them. However, Michael Fay, head of the NZ syndicate at the last Cup, is so confident of victory that the moulds for the 140ft, 30-knot NZ flier are already under construction in Auckland. Peter de Savary, chairman of Britain's Blue Arrow syndicate, has a hunch that Fay will triumph, and has plans of his own for a super-maxi.

Otherwise, if an East Coast judge sees things the West Coast way, the world's biggest, costliest regatta will begin off the coast of southern California in the New Year of 1991 and be sailed in 12-metres.

FT CROSSWORD PUZZLE No. 6,446

GRIFFIN



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

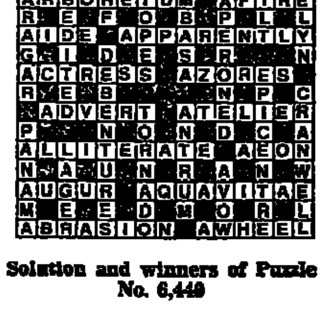
ACROSS

1 Class issue? (14)
10 Stand for an artist (5)
11 Frost is within a safe boundary (9)
12 Putting one near it upset sloth (7)
13 Shout when you see the quarry (5-2)
14 Knock down stump (5)
16 Draughtsmen start eating in, dressing informally (9)
19 Club official takes prize to back door (9)
20 Sat around in the empty smack (5)
22 Roving detectives with a day return (7)
25 Opposed to a secure way (7)
27 Someone in a train (9)
28 Speaking of bad weather, as a rule (5)
29 Disreputable eccentric creeps into firm behind princess (14)

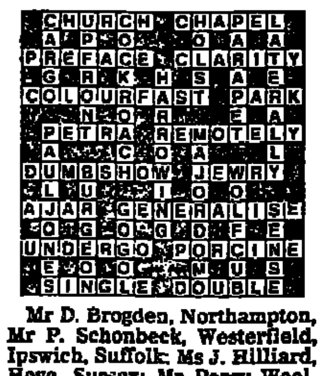
DOWN

2 Cook loses race to make dish (9)
3 Little hooter only heard at night? (5)
4 North European cat? (9)
5 Smart music centre in wood (5)
6 Picked out the old stage performers (9)
7 Annoyed about sound tea-tray being broken (5)
8 Worried over Sun production (7)
9 Aid soldiers gladly (6)
15 Doctors screened one entering home (9)
17 Sneering model in car is drunk (9)
18 Possibly it's seen by a student as indispensible (9)
19 Volunteers drank out of cup (7)
21 Present for former nurse (6)
23 Scoffed when writing about one's companions (5)
24 New R.A.C. member gets hamper (5)
26 Vessel carrying vital liquid (5)

Solution to Puzzle No. 6,445



Solution and winners of Puzzle No. 6,449



Mr D. Brogden, Northampton, Mr P. Schonbeck, Westerfield, Ipswich, Suffolk; Ms J. Hilliard, Hove, Sussex; Mr Percy Woolman, Leicester; Mr M. G. Leatham, Penrhos, Gwent.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC1

8.25 am Saturday Starts Here. 8.40 Chucklevision. 9.00 The Muppet Babies. 9.30 Going Live. 12.12 pm Weather. 12.15 Grandstand including 12.30 Football Focus: 1.00 News Summary: 1.05 Golf (the Dunhill Cup); 2.00 Chepstow Racing; 2.10 Golf; 2.35 Chepstow Racing; 2.45 Golf; 3.10 Chepstow Racing 3.20 Golf; 3.50 Half Times; 3.55 Golf 4.40 Final Score. 5.05 News. 5.15 Regional programmes.

5.20 Rolf Harris Cartoon Time. 5.45 Telly Addicts. 6.15 'Allo 'Allo. 7.00 Bob's Full House. 7.35 The Russ Abbot Show. 8.05 Casualty. 8.55 News and Sport. 9.10 Film: "Thompson's Last Run (Robert Mitchum stars) 10.45 Monty Python's Flying Circus. 11.15 Miami Vice. 12.05 am Film: "Deathline," starring Christopher Lee, Donald Pleasence and Norman Rossington.

BBC2

12.15 pm Open University. 2.20 Network East. 3.00 No Limits. 4.00 The Sky at Night. 4.20 Film: "Mister Quilp," starring Anthony Newley. 6.15 Bombay Hotel. 6.55 Newsview. 7.35 The Fish Course. 8.05 Dance from America: Alvin Ailey. 9.10 Golf (highlights of the third round of the Dunhill Cup). 9.50 Film: "Five Easy Pieces," starring Jack Nicholson. 11.30-12.55 am Film: "The Shooting," starring Jack Nicholson.

LONDON

6.00 am TV-am Breakfast Programme. 9.25 No 73. 11.00 The Roxy. 11.30 Frocks on the Box. 12.00 The Fall Guy. 1.00 pm News. 1.05 Saint and Greavsie. 1.35 Wrestling. 2.15 Comedy Classic: The Cuckoo Waltz. 2.45 Snooker. Fidelity International. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team.

6.30 Blind Date. 7.15 Beadle's About. 7.45 3-2-1. 8.45 News. 9.05 Murder, Mystery, Suspense: "Death Sentence." 10.30 The Dame Edna Experience. 11.20 Snooker: Fidelity International. 12.20 am Sledgehammer. 1.00-4.00 Night Network.

CHANNEL 4

9.30 am Coping. 10.00 4 What It's Worth. 10.30 Scotland's Story. 11.00 Old Country. 11.30 Dancin' Days. 12.00 BIS Group British Speed Chess Championships. 12.40 pm World of Animation. †1.00 "Palm Beach Story" (Claudette Colbert stars). 2.40 Channel 4 Racing from Newmarket. 5.05 Brookside Omnibus. 6.00 Right to Reply.

6.30 Tears, Laughter, Fears and Rage. 7.00 News Summary followed by Seven Days. 7.30 Way To Go! 8.30 Sports is a Tough Business. 9.30 A Fine Romance. 10.00 St Elsewhere. 11.00 Saturday Almost Live. 12.00 World Series Baseball.

S4C WALES

9.30 am Coping. 10.00 What The Papers Say. 10.15 Repons. 11.00 The Mississippi. †12.00 Sea War. 12.30 pm Scotland's Story. †1.00 Feature Film: "They Knew Mr Knight." 2.40 Racing from Newmarket. 5.00 Battle For The Planet. 6.00 Right to Reply. 6.30 All Muck and Magic? 7.00 Tears, Laughter, Fears and Rage. 7.30 Newyddion. 7.50 Pentymora '87. 8.20 Noson Lawen 1987. 9.20 Y Maes Chwarae. 10.10 Between The Tides. 10.30 The Golden Girls. 11.00 Saturday Almost Live. 12.00 Major League Baseball.

IBA Regions as London except at the following times:—

ANGLIA

11.30 am Knight Rider. 12.30 pm A.L.F.

BORDER

11.30 am The Groovy Ghoulies. 12.00 UFO.

CENTRAL

11.00 am Family Feature Film: "Voyage To The Bottom Of The Sea," starring Walter Pidgeon, Joan Fontaine and Peter Lorre. 12.45 Foghorn Leghorn/Bugs Bunny. 12.30 am Prisoner Cell Block H. 1.25 "Craze," starring Jack Palance and Diana Dors. 3.10 Peter Tosh (1944-1987—concert tribute to king of reggae). 4.10 Central News followed by Central Jobfinder.

CHANNEL

11.30 am Streethawk. 12.30 pm Survival Of The Fittest. 12.59 Today's Weather.

GRAMPIAN

11.30 am Pick a Number. 12.00 Knight Rider. 12.55 pm Home Cookery Club. 12.30 am Reflections.

GRANADA

11.30 am Saturday Matinee: "Casanova's Big Night," starring Bob Hope. 2.15 Easy Street. 12.30 Star Movie: Michael Caine in "The Island." 2.30 America's Top Ten.

HTV

11.30 am Knight Rider. 12.00 ALF. 12.30 pm Starring . . The Actors (Gene Hackman).

HTV Wales—As HTV West except: 11.20 pm Rugby (Auckland v Wellington). 11.45-12.30 am Snooker (Fidelity International).

SCOTTISH

11.30 am America's Top Ten. 11.55 Cartoon. 12.00 Highway to Heaven. 12.30 am Late Call.

TSW

11.30 am Streethawk. 12.30 pm Sur-Hero. 12.25 pm Gus Honeybun's Magic Birthdays. 12.30 The South West Week. 5.05 Newsport. 5.10 The Smurfs. 5.25 Gus Honeybun's Magic Birthdays. 12.30 am Postscript.

TVS

11.30 am Streethawk. 12.30 pm Survival of the Fittest. 12.57 TVS Weather.

TYNE TEES

11.30 am "Won Ton Ton: The Dog That Saved Hollywood." 12.30 pm Poetry of the People.

ULSTER

11.30 am Feature Film: "Who's Minding The Store?" starring Jerry Lewis, Agnes Moorhead and Jill St John. 1.03 pm Ulster Newstime. 4.55 Sports Results. 5.03 Ulster Newstime. 9.02 Ulster Newstime. 12.25 am Ulster Newstime.

YORKSHIRE

11.30 am "Professor Poopsnaggle's Steam Zeppelin—Lost In the Desert". 12.30 am The Saturday Late Film: "Speedtrap." 2.15 Jobfinder.

BBC RADIO 2

Stereo on VHF

6.05 am David Jacobs. 9.00 Sounds of the 60s. 10.00 Michael Aspel. 12.00 Album Time. 1.00 pm Ken Dodd's Palace of Laughter. 1.30 Sport on 2 including Football: Golf (Dunhill Cup from St Andrews); Racing from Newmarket plus preview of the Prix l'Arc de Triomphe; (semi-finals of the National Championships) plus the rest of the afternoon's sporting news. 5.00 Sports Report. 6.00 Brain of Sport 1987. 6.30 The Seven Ages. 7.00 The ABC Quiz. 7.30 Teresa Berganza. 9.30 String Sound. 10.05 Tony Capstick. 12.05 pm Night Owls with Dave Gelly. 1.00 Patrick Lunt presents "Nightride" 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Morning Concert. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.00 Bach Harpsichord Recital. 11.35 Chicago Symphony Orchestra. 1.00 pm News. 1.05 London Baroque. 1.35 The National String Quartet Week. 2.45 Mozart and Gounod chamber music. 3.30 Leopold Stokowski. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Piano recital by Peter Donohoe. 7.30 "Behold The Sun," first performance of Goehr's opera, conducted by John Pritchard in a BBC production by Clive Bennett. Act1. 8.35 Alexander Goehr discusses his opera. 8.55 "Behold The Sun." Act 2. 9.35 The Pursuit of the Millenium (Reading from Norman Cohn's book which prompted Goehr's opera). 9.45 "Behold The Sun," Act 3. 11.15 Piano Trios. 11.57-12.00 News.

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport On 4. 9.30 Breakaway. 10.00 News; Conference Special. 11.30 From Our Own Correspondent. 12.00 Money Box. 12.25 pm Radio Active (s). 12.55 Weather. 1.00 News. 1.10 Any Question? 1.55 Shipping Forecast. 2.00 News; Second Edition. 3.00 News; The Afternoon Play (s). 4.15 Able Seaman Under Sail. 4.30 Science Now. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News, including Sports Round-Up.

6.25 Stop The Week (S). 7.00 Saturday-Night Theatre (S) 8.30 Baker's Dozen (S). 9.30 A Poet of the People. 9.50 Ten To Ten (S). 9.59 Weather. 10.00 News. 10.15 The Saturday Feature. 10.45 I've Been Together Now For 70 Years. 11.00 The Phenomenon Squad. 11.30 The Million Pound Radio Show. 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC1

9.15 am Articles of Faith. 9.30 This is the Day. 10.00 Only Time Would Tell. 10.45 Sky-Dive to Autana. 11.30 Bugs Bunny Double Bill. 11.45 When in Spain. 12.10 pm Sign Extra. 12.35 Farming: 30 Years On. 12.58 Weather for Farmers. 1.00 This Week, Next Week. 2.00 EastEnders. 3.00 Golf: The final stages of The Dunhill Cup. 4.30 The Pink Panther Show.

4.50 Barney Bear. 4.55 Our House. 5.45 Vanity Fair. 6.15 Lifeline. 6.25 News. 6.40 Songs of Praise. 7.15 Three UP, Two Down. 7.45 Howard's Way. 8.35 Bread. 9.05 Sunday Premiere: Claws. 10.25 News. 10.40 Heart of the Matter. 11.15 Seventy Summers. 11.45 Network East.

BBC2

2.00 pm Golf: The Dunhill Cup. 3.00 Film: "The Kentuckian," starring Burt Lancaster. 4.40 Iris Murdoch. 5.15 Music in Camera. 5.50 Review. 6.30 The Money Programme. 7.15 On The House. 7.50 The Great Philosophers. 8.35 The Natural World. 9.25 The Paul Daniels Magic Show. 10.10 Golf (highlights of the final day of The Dunhill Cup). 10.40-12.25 am Film: "Atlantic City," starring Burt Lancaster.

LONDON

6.00 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Sunday at No 73. 10.00 No 73. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship. 12.00 Weekend World. 1.00 pm LWT News Headlines followed by Police 5. 1.15 Link. 1.30 The Care Bears. 2.00 The Human Factor. 2.30 Snooker: Fidelity International. 6.00 Bullseye. 6.30 News. 6.40 Highway. 7.15 Child's Play. 7.45 Murder, Mystery, Suspense. 9.45 News. 10.00 The New Statesman. 10.30 A South Bank Show Special. 12.00 A Long Way from Home. 12.30 am Mary. 1.00-3.00 Night Network.

CHANNEL 4

11.00 Chips' Comic. 11.30 Worzel Gummidge Down Under. 12.00 The Waltons. 1.00 pm Treasure Hunt. 2.00 Empress Wu (English language version). †2.30 "San Ferry Ann" starring Wilfred Brambell, Ron Moody, Joan Sims, Barbara Windsor and Warren Mitchell. 3.30 Channel 4 Racing International. 4.50 Stage Door Magoo. 4.55 Tall Dark and Gruesome. 5.15 News Summary, followed by The Business Programme. 6.00 American Football. 7.15 Battle For The Planet. 8.15 Le Corbusier. 9.15 One Fine Day. †10.55 "The Ghoul" starring Boris Karloff, Cedric Hardwicke and Ralph Richardson. 12.20 am The Tell Tale Heart.

S4C WALES

10.00 am Way To Go! 11.00 7 Days. 11.30 Worzel Gummidge Down Under. 12.00 The Waltons. 1.00 pm Fish 'n' Sheep and Rock 'n' Roll. †2.00 Feature Film: "The Girl In The News," starring Margaret Lockwood and Emlyn Williams. 3.30 International Racing: Prix de l'Arc de Triomphe. †4.45 We Sail At Midnight. 5.15 The Business Programme. 6.00 American Football. 7.20 Newyddion. 7.30 Rhaglen Hywel Gwynfryn. 8.10 Pobol Y Cwm. 8.40 Cwlwm. 9.10 Darlithoedd Y Pentan. 9.40 St Elsewhere. †10.35 Feature Film: "All About Eve," starring Bette Davis.

IBA Regions as London except at the following times:—

ANGLIA

9.25 am Sunday At No. 73, followed by Elmer Fudd. 9.35 He-Man And The Masters Of The Universe. 1.00 pm Link. 1.15 Bioscope Bygones. 1.25 Weather Trends. 1.30 Farming Diary.

BORDER

9.25 am Elmer Fudd. 9.35 He Man And Masters Of The Universe. 1.00 pm Farming Outlook. 1.30 Border News 1.35 Cartoon Time. 1.45 Link.

CENTRAL

9.25 am Elmer Fudd—Crow's Feet. 9.35 He-Man and the Masters of the Universe. 1.00 pm Central Post. 1.10 Central News. 1.30 Here and Now. 12.00 Prisoner Cell Block H. 12.55 am Donahue. †1.55 Thriller Classic: "The Impersonator," starring John Crawford. 3.05 Central News followed by Central Jobfinder.

CHANNEL

9.25 am Today's Weather. 9.26 Starting Point. 9.35 He-Man and the Masters of the Universe. 1.00 pm Link. 1.15 Les Francais Chez-Vous. 1.30 Enterprise South. 1.00 am Night Network.

GRAMPIAN

9.25 am Cartoon (Elmer Fudd—Crows Feet). 9.35 He-Man and Masters of the Universe. 11.00 Horses for Courses. 11.30 Canvasses of Courage. 1.00 pm Farming Outlook. 1.30 Spacewatch 1.45 Link. 2.30 Scotsport (including Snooker—Fidelity International). 12.00 Reflections.

GRANADA

9.25 am Elmer Fudd. 9.35 He-Man and the Masters of the Universe. 1.00 pm Members Only. 1.05 Action Line: This Is Your Right. 1.35 AAP KAA HAK. 1.40 Link. 12.00 Worlds Beyond.

HTV

9.25 am Sunday at No 73 including Cartoon. 9.35 He-Man and the Masters of the Universe. 1.00 pm West Country Farming followed by Weather for Farmers. 1.30 Cartoon Time. 1.45 Link. 6.36 HTV News. 12.00 Portrait of a Legend.

SCOTTISH

9.25 am Sunday at No. 73. 9.35 He-Man and the Masters of the Universe. 11.00 The Glen Michael Cavalcade. 1.00 pm Canadian Documentary. 1.30 Farming Outlook. 2.00 The Gods of War. 2.30 Scotsport. 12.00 Late Call.

TSW

9.25 am Sunday at No 73 plus Cartoontime. 9.35 He-Man and The Masters of The Universe. 1.00 pm Fisheries News. 1.10 Farming News. 1.45 Link followed by South West Link. 6.35 TSW News. 12.00 Postscript Postbag.

Brenda Blethyn, with Sukey the kitten, in "Claws," BBC1 Sunday 9.05 pm

TVS

9.25 am Sunday at No 73. 9.25 Elmer Fudd. 9.35 He-Man and The Masters of the Universe. 1.00 pm Link. 1.15 Action. 1.27 TVS Weather. 1.30 Enterprise South. 12.00 American Documentary: Dads and Kids. 1.00 am Night Network.

TYNE TEES

9.25 am Hello Sunday. 9.35 He-Man and the Masters of the Universe. 1.00 pm Farming Outlook. 1.30 The Smurfs. 1.45 Link. 12.00 Epilogue.

ULSTER

9.25 am Sunday at No 73. 9.35 He-Man and the Masters of the Universe. 12.55 pm Ulster Newstime. 1.00 Ask Anne. 1.15 Link. 1.30 Advice with Anne Hailes. 1.55 Farming Weather. 2.30 Finding Fax Future. 3.30 Snooker — Fidelity International. 6.38 Ulster Newstime. 12.00 Sports Results. 12.05 am The Crazy World of Sport. 12.30 Ulster Newstime.

YORKSHIRE

9.25 am Cartoon Time: Elmer Fudd. 9.35 He-Man and the Masters of the Universe. 1.00 pm Cartoon Time. 1.10 Link. 1.25 Farming Diary followed by farming and inshore weather. 12.00 Jazz Special. 12.30 am Five Minutes. 12.35 Jobfinder.

BBC RADIO 2

Stereo on VHF

7.30 am Roger Royle says "Good Morning Sunday." 9.05 Melodies for You. 11.00 Desmond Carrington with your Radio 2 All-Time greats. 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 2.00 Benny Green (VHF only). 3.00 Alan Dell with Sounds Easy (VHF only). 4.00 Serenade (VHF only). 4.30 Sing Something Simple (VHF only). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 The Random Jottings of Hinge and Bracket. 7.30 Ivor. 8.30 Sunday Half-hour. 9.00 Sir Malcolm Sargent (Brian Kay recalls the life and work of Britain's musical ambassador). 10.05 Songs from the Shows. 10.45 Roderick Elms at the piano. 11.00 Sounds of Jazz with Tony Russell. 1.00 am Patrick Lunt presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Mendelssohn. 8.00 World Service News. 8.10 Dennis Brain. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Bernard Roberts (piano), part 1: Beethoven (Sonata Op 10 No 3), Debussy (Studies, Bk 2). 12.05 pm Words. 12.10 Recital, part 2: Brahms (Variations and Fugue on a theme by Handel). 12.45 From the Festivals 1987. Guildhall String Ensemble at Bath: Mendelssohn, Stravinsky: (1.25 Interval Reading): 1.30 Nigel Osborne, Tchaikovsky. 2.20 Nielsen's Wind Quintet and Janacek's "Mladi." 3.10 Royal Society of Musicians Concert 1748, part 1: Gluck, Galuppi, Handel, Weidemann. 4.15 Fund for the Support of Decay'd Musicians. 4.20 Concert, part 2: Feasting. Gluck, Galuppi, Handel. 5.30 On the Edge of Certainty (Feature on the philosopher Ludwig Wittgenstein). 6.15 Samuel Wesley. 7.10 Wilde Defined. 7.30 BBC Welsh Symphony Orchestra from Bristol, part 1: Mozart (Clarinet Concerto K 622, with Michael Collins). 8.00 The Frontiers of Literature. 8.20 Concert, part 2: Mahler (Symphony No 5). 9.40 Publicity? Be Damned by Graeme Fife. 10.00 A Most Delightful Art. 10.30 Chamber music by Bartok, Kurtag and Laszlo Sary. 11.10 Langham Chamber Orchestra: Donizetti, Gade, Britten. 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 News Stand. 11.30 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Gardeners' Question Time. 2.30 Globe Theatre (S). 4.00 News Origins.

4.30 The Natural History Programme. 5.00 News: Down Your Way. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 International Assignment. 7.00 News: The Count of Monte Cristo (S). 8.00 A Good Read. 8.30 Words By Hart. 9.00 News; Kingsley Amis Sextet. 9.30 A Private World. 9.59 Weather. 10.00 News. 10.15 You The Jury. 11.00 Musicko That Goethe With A Whale (S). 11.30 Before the End of the Day. 12.00-12.15 am News.